

THE FUTURE OF EUROPE

*Contributors to this Series
include the following:*

ANN BERKELEACH

MAURICE DOBB

WILSON HARRIS

W. J. HINTON

D. G. HUTTON

ERNEST M. PATTERSON

HARTLEY WITHERS

WORLD PROBLEMS OF TO-DAY

The Future of Europe

By
H. Wilson Harris

London
Sidgwick & Jackson, Ltd.

First published in 1932

PRINTED IN GREAT BRITAIN BY
WILLIAM CLOWES AND SONS, LIMITED, LONDON AND BECCLES

CONTENTS

CHAP.	PAGE
FOREWORD	vii
I. THE EUROPE OF TO-DAY	1
II. BLIND NATIONALISMS	14
III. PEACE OR WAR?	30
IV. TARIFF BARRIERS	49
V. THE TWO EUROPEES	68
VI. DEMOCRACY, OR — ?	87
VII. EUROPE AS IT MIGHT BE	102
INDEX	129

FOREWORD

THIS book has been written because I was asked to write it. The delineation of the future of Europe at a moment when the whole world, and that unhappy continent most of all, is in a state of liquefaction, is not a task that any person of normal sobriety would take up unprovoked. But, in fact, I have made no predictions, or next to none. It is fortunately possible to discuss the future of Europe, or of anything else, dispassionately without necessarily assuming a prophetic rôle.

And there is, I think, some value in doing that. Tendencies in operation to-day are worth studying to see what effect they are likely to have to-morrow if left to develop by themselves. Is the probable effect good? In that case we may be able to hasten it. Is it bad? In that case there may be at any rate some chance of averting or mitigating it. But there will be no prospect of doing anything about it one way or the other unless it is discussed seriously in advance. Any steps human agents may take to control events must be taken before the events happen. In this, at least, we may be content to follow

the sagacious Machiavelli, emulating his wise princes, "who look not only at present dangers but also at future ones, and diligently guard against them : for being foreseen they can easily be remedied, but if one waits till they are at hand the medicine is no longer in time, as the malady has become incurable."

The real trouble about discussing the future of Europe lies in the fact that Europe is making history so fast that even an article on the European situation in a weekly review may be out of date before it reaches its readers' hands. How much more when it is a question not of a weekly review but of a book that has to be printed, bound and published before the author is in touch with his audience? As I write, one international conference, on reparations in particular and the whole financial and economic situation of the world in general, is about to assemble, with another—on disarmament—pressing close on its heels. The results achieved by one or other of them, or both, may quite possibly make nonsense of a good deal in the following pages. Well, if that must be it must be. If the publication of a book on some future situation were always deferred till the results of the particular development immediately impending had revealed them—

selves, the volume, for good or ill (very likely the former), would never materialise at all. Let the perils of the subversive unknown, then, be faced.

Many brains are at work on the problem of Europe's future. Count Coudenhove-Kalergi, in his *Pan-Europa*, some years ago determined the continent's place in the general scheme of things. M. Briand, more recently, has outlined his plan for "a closer federal link" between European States, and various commentators on his project have leaped precipitately forward to the idealistic conception of a United States of Europe, however that euphonious but nebulous term may be interpreted. The Briand proposals have gone beyond the paper stage, and some attempt is being made at Geneva to give them practical application. But nothing sufficiently tangible to cast any real light on Europe's future has emerged from the discussions so far. The most valuable product of the conclaves, indeed, has been a phrase—the declaration, made by a sub-committee of the European Commission over which M. Briand presides, that the economic aim of the consolidated continent must be to make Europe "a single market for the products of any and every country in it." But singularly

little progress towards the realisation of that ideal can be registered.

There is no lack, then, of doctors to minister to a continent diseased. Europe, for that matter, needs no physician, for every leader of any enlightenment in the different countries has diagnosed its ills accurately enough, and is broadly agreed about the cure. Not one of them but advocates disarmament in the abstract, hardly one but admits that a general reduction of tariffs would be for the good of all concerned. But because each country is not merely unwilling to move first, but wants to find a way of moving last, when it has seen what steps the the rest are taking, stagnation continues and progress lingers. But the stagnation is not complete. Signs of progress do glimmer in the darkness, and the most must be made of them. The one aspect of the future of Europe worth discussing is the evidence, such as it is, of any sporadic movements towards a goal which every one professedly desires to see attained, which some few believe to be attainable, and which a few of those few are actually endeavouring to attain. That is, in fact, what I have brought very briefly under examination in the following pages.

CHAPTER I

THE EUROPE OF TO-DAY

THE Europe of to-morrow depends on the Europe of yesterday and to-day. There are no gaps in politics any more than in Nature, for even wars and revolutions grow out of the past, though they may seem at the moment to end one chapter or open a new one. The only question is how far back to trace the forces that are making to-day and will make to-morrow in Europe. But there can be no serious doubt as to that. It was in those dark four years in the second decade of the century that the foundations of the Europe of to-day were laid. The war itself, in turn, was the result of trends and causes which, if time and space were of no account, might with profit be examined, with a view to discovering which of them have spent, and which retain, their force to-day. But that is far too formidable an enterprise to be embarked on here.

As it is, the war must be the starting-point, or rather the peace that followed the war.

For the war itself did nothing but enable the victors to impose their will. It is the treaties which followed—of Versailles with Germany, of St. Germain with Austria, of Trianon with Hungary, of Neuilly with Bulgaria, and, standing apart both in date and in character, of Lausanne with Turkey—that translated that will into enactments which form to-day, as has often been said, the public law of Europe.

To trace the provisions of the treaties in detail would be pointlessly laborious. As a whole they re-drew the political map of Europe. They increased the number of the sovereign States of the Continent from twenty-two to twenty-eight (changes in the status of Iceland and the Irish Free State have since made it 30),¹ which means that seven new States came to birth, for one, Montenegro, had disappeared in 1919 from a map that had known it for 500 years. One effect of that was to lengthen the frontiers between European States by some 11,000 kilometres, and there is hardly one of these frontiers

¹ It is curious how difficult it is to decide the precise number of the States of Europe. For example, Dr. Masaryk, in *The Making of a State*, says, "There are now thirty-five States in Europe. Before the war there were twenty-five." He presumably includes Monaco, San Marino, Andorra, Liechtenstein, and either the Saar or Danzig.

where goods are not required to pay a duty on passing from one side to the other. The increase in the number of European States need have mattered nothing in itself. As it is, the prevalent disease of economic nationalism makes every subdivision of greater units into smaller (the territory of the old Austria-Hungary is now shared between seven different States) a disaster on all material grounds.

With the transfer of territory marked by the shifting of frontiers went of necessity a transfer of the population living on those territories. Hungarians found themselves Rumanian, German-speaking Austrians Italian, and Bulgarians Greek. The world, seeing new minorities created and special rights accorded them by treaty, began to think and talk as though a minority problem had leaped into existence for the first time in history. Memories are short and reflection not always deep. There are, in point of fact, smaller minority populations living under alien rule to-day than there were in July 1914, but the very fact that for the first time on any general scale their rights have been recognised and guaranteed by treaty serves to focus attention on the cases, which are many, of failure to honour the guarantee.

A minority to-day has an international organ to appeal to against the Government under which it lives. Chastisement administered within the household can no longer be condoned before the world as a purely domestic affair.

The article of the League of Nations Covenant dealing with the institution of the mandate system speaks of certain communities as "not yet able to stand by themselves under the strenuous conditions of the modern world." The same may be said in a slightly different sense of a good many States of contemporary Europe. Despite the existence of the League of Nations, of which all of them are members, they are perpetually conscious of the latent hostility of some menacing neighbour and convinced of the necessity of holding together for safety, and, if possible, sheltering themselves under the power and patronage of one of the few greater States. The blocs thus formed are not completely constant in shape and content. A State will veer occasionally from one orbit to another. But certain groups mark themselves out pretty clearly. They consist in the main of nations victorious in the war, resolved to defend not only themselves but one another against any attempt by the conquered to regain what

they lost. The clearest-cut and best organised group is, of course, the Little Entente, consisting of Czechoslovakia, Yugoslavia and Rumania, whose conjunction was promoted originally by a desire for mutual protection against possible Hungarian aggression. The association has developed more positive features since. A Baltic group—Finland, Estonia, Latvia and Poland—flickers a little fitfully in and out of vision, but the unhealed feud between Poland and Lithuania makes a comprehensive understanding in that region unattainable. The three Scandinavian States, Norway, Sweden and Denmark, all of them neutral in the war, are working increasingly together and for some purposes including Holland and Belgium in their circle. The Balkans are doing their best to develop a spirit of unity through an annual conference, which though unofficial is by no means ineffective. The agrarian States of Eastern Europe in 1930 established certain economic ties which cut across the boundaries of political groups.

But the dominant factor in Europe politically is still the French bloc, consisting of the Little Entente Powers, Poland, Belgium, and France herself, organised with no aggressive purpose but with the set resolve to resist, by

force if need be, any attempt to rescind or revise the treaties of 1919 and 1920. Pale shadows of rival blocs exist. Italy has Albania for a protégé and Hungary for a kind of hopeful junior partner, and Signor Mussolini's unqualified declaration in favour of the revision of the treaties has disposed all the conquered nations to proclaim themselves his friends, just as it disposes France and her associates to view him with hostile suspicion. Germany's only satellite is Austria, and attempts to draw that association closer by the creation of an Austro-German Customs Union broke down in 1931 through the opposition of France and the French bloc.

But to say all this is to begin discussing Europe before deciding what Europe really is. Is it, as Bismarck contemptuously asserted, no more than a geographical expression? Is it a mere vast peninsula thrust out westward from Asia, as India is thrust out southward? Or is Europe really a definite and self-conscious entity, distinguished from adjacent regions—Asia on the one side, Africa on the other—by common traditions, a common history, a common culture, in which each of its several nations has some part or lot? The answer to those questions is, subject to one large reservation,

that Europe is in fact all that. The distinctions are real. Syria and Palestine are not European. Egypt is not European. It makes a good enough epigram to declare that Asia begins at Vienna or Africa at the Pyrenees. There may be a grain of truth in both statements. The Englishman who improves the epigram by affirming that barbarism begins at Calais has at any rate etymology on his side.¹ But, in fact, under any ordinary interpretation, Europe socially and culturally as well as politically runs to Seville one way and Stamboul another, and it is the future of a continent so defined that calls for discussion here.

It is on the east alone that the frontier becomes suddenly shadowy. You can travel due east from Vilna, swaying this way and that in the sand furrows of the grassy road that Napoleon's skeletons trod after Moscow, till you reach the barbed wire that divides the posts with the Polish eagle from the posts with the sickle and hammer. Is that, as the Poles would have it, the frontier of Europe? Is Poland the warden of the marches? Do Asia and disorder begin with the hammer and sickle, stability and culture end at that tangle of rusting wire?

¹ For *βάρβαρος* means foreign.

The question is centuries old. When William Penn in 1693 was working out his paper plans for a Diet, or Parliament, or Estates, of Europe, and allotting the nations members of his Diet their varying quotas of votes, he rounded off the distribution by observing that "if the Turks and Muscovites are taken in, as seems but fit and just, they will make ten apiece more." Exactly the same decision had to be taken by M. Briand's European Commission in 1931, and the same conclusion was reached. Muscovite and Turk were bidden to the new European conclave, and both of them, with a little conventional cavil on the part of the Muscovite, accepted and came. But the admission of Russia and Turkey to a European commission does not solve every question. Turkey has a foothold in Europe. That is clear enough. But if Constantinople is Europe, Angora certainly is not. The dividing line is marked by the Bosphorus and the Dardanelles and there is some of Turkey on either side of it. So in the case of Russia. Minsk and Kieff are Europe without much question. So, it may be agreed, are Leningrad and Moscow. Vladivostock and Tashkent are not. Is Odessa? Is Batum? Is Baku? Is Nijni Novgorod? These questions need no

definite answer. Russia cannot be excluded from Europe, as Europe is commonly understood. But neither can Russia as a whole be brought into it. Asia claims its share, and if some authority more gifted than the writer of the present volume should commit his prophetic pen to a discussion of Asia's future he too would certainly find Russia and Turkey within his field of vision. By the working out of Russia's destiny the future of Europe and of Asia alike must be largely determined.

On the whole the old outline map familiar to the pre-war schoolboy will serve well enough to-day. Europe has changed her internal frontiers radically. Her external limits remains substantially the same, and the eastern boundary, running roughly along the spine of the Ural Mountains and from there on southward by the Ural River to the Caspian, closes in the region most writers have in mind when they speak of the Europe of to-day. But when all is said and done that frontier is no more than a convention, and the essential fact about Russia is that it belongs to Europe and Asia equally, and so long as it maintains cohesion itself binds the two continents inseparably together.

Assume then Europe, so defined, to be in some sense a unit—though the very process

of assumption immediately creates the conviction that it is no such thing. Both assumption and conviction can in fact be defended. Europe is a unit in its separateness from any other continent—with due regard to what has been said already about Russia as connecting link—but a unit so split and divided up among thirty States with diverse traditions and conflicting interests that dissidence is often more conspicuous than cohesion. Politically, indeed, the cohesion has often been much closer than it is to-day. There was a uniform colour marking the early civilisation that developed along the northern shores of the Mediterranean and spread simultaneously to the African coasts. The Roman eagles made Europe one from the Euxine to the Atlantic and as far north as the great wall which still dominates the rolling moorland between Tyne and Solway. Later, the Church of Rome succeeded in some measure to the functions of Imperial Rome as a unifying force, and the Holy Roman Empire, with its strange blend of the ecclesiastic and the secular, gave oneness to at any rate the central mass of the Continent. Napoleon, if his work had stood—not that it ever looked like standing—might have created a kind of unity by domination.

After him the Holy Alliance suggested for a moment the idea of unification in another shape.

But that was the last attempted combination making any pretence to be comprehensive. The nineteenth century was the age of nationalism—a nationalism still young enough to be divisive. So far as the twentieth is the age of internationalism the unifying effect of that new tendency is visible, naturally enough, within an individual continent, as well as across the boundaries dividing continents from one another. Europe's unity has become once more accentuated. There are, of course, marginal problems. Count Coudenhove-Kalergi, in sketching out the plan of his Pan-Europa, felt compelled to leave out of the general European system not only Soviet Russia—the obvious difficulties there have already been discussed—but Great Britain, which he prefers to attach to her world-wide Commonwealth of Nations rather than to the continent of which she geographically forms a part. But Britain, most detached of all countries from the European continent,¹ finds in Europe a market for her

¹ Though Lord Salisbury said, as long ago as 1888, "We are part of the community of Europe and we must do our duty as such."

products to the extent of £214,000,000 annually, as against £80,000,000 in the United States and Canada combined, £78,000,000 in India and £54,000,000 in Australia (1929 figures). Economically, therefore, as well as geographically, Europe is increasingly a unit, and transport developments are making it more so. When an Englishman can cross the Channel and take his seat at Calais in a sleeping-car which he need not leave till he descends from it at Constantinople, or at Ostend in another which carries him to Poland's eastern frontier, it is hard to feel unconscious of a kind of European citizenship. Air travel, bulking far larger in the life of the average German or Pole or Frenchman than of the inhabitants of the circumscribed British Islands, will become even more effective as a binding force.

Politically the case is different. The war, as has been observed already, has left an enduring mark. The line of division between conquerors and conquered is visible still, and we have not yet given up talking of "the European neutrals." Economic interests have at times driven countries like Bulgaria and Hungary into co-operation with members of a rival group, notably in

the endeavour to force their corn by united effort into the markets of Germany and France and other European consuming countries. But Europe to-day is a continent still divided by war memories and war legacies.

CHAPTER II

BLIND NATIONALISMS

THE disease from which Europe is still suffering after thirteen years of peace is intense national selfishness with fear as its primary cause. That is manifested equally in the political and the economic sphere. In the former it finds expression in the insistent demand for security by the group of States of which France is the most prominent. To understand why France lays the emphasis she does on security it is necessary to understand something of French character, to realise that every Frenchman is silently but ceaselessly seeking security in his private life, something to shelter him from the blows of circumstance—a bit of land, a little business, a house of his own, a pension or a safe income from the *rentes*. The Frenchman can show as much courage as any one when danger has to be faced, but he is not by nature adventurous. Give him a quiet life, with a modest sufficiency assured by what he has saved instead of spending, and he will pass the rest

of his days well content.¹ The same sentiment animates France as a whole in her relation to Europe. She has faced the ordeal and beaten off the foe and now she deserves the peace that comes from the consciousness that every cause of anxiety is dispelled. But it is not in fact dispelled. France remains anxious still. She has an army of over 500,000 men. Germany, her only obvious antagonist, has an army of 100,000. But France does not feel secure. The League of Nations Covenant guarantees mutual assistance to any State attacked and forced to fight against its will. That is not enough for France. By the Treaty of Locarno Britain and Italy both pledge themselves, by undertakings more specific and unequivocal than the Covenant, to come immediately to France's help if Germany attacks her. That is not enough for France. What then does France actually want? She wanted the Geneva Protocol of 1924, which gave precision to the rather general undertakings of the Covenant, and would, if generally ratified, have pledged the States of the world to join in arms against any one of their number great or small that wantonly broke the peace.

¹ More fully discussed by M. André Siegfried in his book *Les Partis en France*.

That pledge is involved, a little vaguely, in the Covenant; the Protocol made it more definite and explicit. But the Protocol was not ratified, and from France's point of view the situation was left a little worse than before. What France wanted and wants still is an international force at the disposal of the League of Nations, capable of being thrown into the field immediately against an aggressor and in defence of any State attacked. Lacking all these things France has endeavoured to make herself more secure by a series of understandings with Belgium and Poland, Czechoslovakia, Rumania and Jugoslavia, the standing armies of the bloc amounting to no fewer than 1,500,000 men, capable of expansion on mobilisation to seven or eight times that number. The justification for that policy need not be canvassed here. In fairness to France it must be recognised that she has always declared she will reduce her forces substantially if she gets the security she asks for. But the effect of French policy is to keep Europe divided into two camps, not indeed actively hostile, for one is powerful and the other powerless, so that active hostility is excluded, but into two blocs, one putting its trust in national forces in default

of international guarantees, the other sullen with grievances against an inequality plainly incompatible with the implications of the treaties that ended the war.

It may be contended with justice that at any rate these preponderating armies are not intended for aggression, for the countries supporting them have all they want already, and are under no temptation to do anything but hold it. That is true, and the disarmed States no doubt in a measure realise it. But if armies alone confer security, and France with 500,000 soldiers is not secure, what is to be said of the condition of Germany with 100,000 only, flanked by France on her western frontier and France's allies, Czechoslovakia and Poland, on her eastern? Germany no doubt has a definite motive for going to war, to regain some part of what she has lost, and France has none—that is a material fact of which full account must be taken—but the existing disparity in armed forces unquestionably makes for suspicion and mistrust, and frustrates perpetually the generation of that spirit of mutual confidence on which alone stable international relations can be based. The best minds in France and Germany—not merely the theorists who sit in studies and write, but the best of the practical

politicians—genuinely want the same thing, a Europe from which the fear of war is dispelled and where trade can be peacefully developed to the benefit of all nations alike. But even to seem to sacrifice national interests for a moment for the sake of the larger achievement—which if it did come to fruition would be to the highest interest of every individual State—involves a risk no Government is prepared to run. Security and sovereignty are twin gods to which statesmen burn incense daily.

France has been taken as the readiest example of the nationalism threatening to ruin Europe to-day, but the temper of France is not essentially different from the temper of the rest of the States of the Continent, Great Britain or any other. In the matter of armaments Britain lies open to small reproach, for her strength is in her navy, and a navy is not by the nature of things an instrument of aggression. But economically Britain is little more immune from the spell of nationalism than the rest. Take, simply as instructive symptom, the patriotic exhortation "Buy British," commended to the people of Great Britain by the Prince of Wales, by Cabinet Ministers and by almost every organ of the Press. What could be

more rational or desirable? Buy British goods, even if the cost be a trifle higher, instead of French or German or Czechoslovakian or Italian. No one is likely to challenge the wisdom or propriety of that—except an odd individual or two here and there who may reflect that there is no more reason why Englishmen should buy British goods than why Frenchmen should buy French, or Czechoslovaks Czechoslovakian. The end of the process is the collapse of that international trade by which, incidentally, Great Britain stands to profit more than any other European nation. Not, of course, the complete collapse. There will always be a certain number of commodities a country cannot produce for itself and must therefore import from abroad—coal or rubber or copper or tin—but, so far as European countries are concerned, that happens to apply mainly to raw materials coming from other continents.

Kept within reasonable limits the advice to buy goods made within the country is open to no serious criticism. It is only as a mild symptom of the economic nationalism threatening to ruin Europe to-day that the "Buy British" movement is worth a reference. The special emphasis on the purchase of British goods, moreover, came

at a moment when there were special reasons why Englishmen should not send too much money abroad. But economic nationalism in its acuter manifestations is the gravest of menaces to Europe as a whole. The desperate endeavours of each nation to make itself self-sufficient, or as nearly self-sufficient as may be, spring partly from the fear of war—there must be as little dependence as possible on external supplies which an outbreak of hostilities would cut off—and partly from the insistence of special interests on protection for their products against competition emanating probably from some country compelled by hard necessity to export or perish. Germany, required by treaty to raise vast sums for the payment of reparations and capable of doing that only out of her trade balance—not that she has, in fact, proved capable of it at all—is the most obvious case. Russia, pledged to the success of her Five Years' Plan, needing machines and certain kinds of raw material to carry the plan through, can buy them only with her exports, and consequently throws exports on the market at anything they will fetch. These are only aggravated examples of the prevalent commercial conflict. The result is automatic. Up go the tariff walls against external

competition, and under that protection unnecessary wheat is grown that could better be imported, mills are built to grind corn that might far better be brought in not as corn at all but as flour ground at some already existing mill across the frontier. In consequence, there are now two mills to do the work that one has always managed comfortably in the past. The same with all sorts of commodities, doors and windows, boots and shoes, glassware and furniture. The means of production have been developed beyond the scope of any possible demand and the owners of them everywhere are facing ruin.

What the future of Europe will be if that process goes on unchecked who would risk his reputation by predicting? In a world where the one hope of salvation is in large-scale production, which is possible only in large marketing-areas like the United States, Europe is indefatigably dividing itself up into sheep-pens, with the barriers round each of them growing higher every day. Economic nationalism has run mad. Sinn Fein, "Ourselves Alone," may serve well enough as rallying-cry for a nation striving to be free, but for nations striving to keep their populations employed it is folly beyond

redemption. Trade, instead of being an exchange of goods for mutual benefit, becomes relentless war, with mutual destruction as its inevitable end. In country after country—it may be Great Britain balancing her budget with a struggle and after agitation without precedent, it may be Hungary striving to balance hers on lines laid down by the League of Nations—the doctrine everywhere is proclaimed: “Increase exports and reduce imports.” The more widely that doctrine finds acceptance the more impossible it becomes to carry it out. For each country, to reduce its imports, puts up tariff barriers against the exports another country is doing its utmost to increase. The tariffs in many cases are countered by export bounties, but that helps to ruin the country imposing them, and their immediate effect is to raise answering barriers higher still. And so the unemployed figures mount—in Great Britain in the winter of 1931–32, 2,600,000; in Germany, 5,000,000; in Italy, 800,000; in France, 2,800,000.¹ Russia alone claims to have all her population at work, and M. Litvinoff, when it is proposed at Geneva to form a committee of experts on unemployment and

¹ The French figure is unofficial. There are no complete official statistics.

put a Russian on it, observes sardonically that as there is no unemployment in Russia he fears his country has no expert knowledge on the subject to contribute.

Europe in the narrow self-centredness of its several units, and the lack of any consciousness that to achieve the good of all is the shortest way to achieving the good of each, reproduces on a larger scale symptoms familiar enough in the national society of a particular country—for example, Great Britain. National prosperity, some reliable advisers at any rate affirm, is best achieved by steady expenditure, wisely conceived of course, by the individual. That will give employment. The hitherto unemployed will acquire a new purchasing-power themselves. Money will circulate. The country will recover. Taxes will diminish. Every one will be better off. That may all be true (*pace* the other school of advisers who hold that money saved and entrusted to the banks will be employed ultimately to better advantage still), but the individual mistrusts the counsel. To secure his own good by the roundabout method of securing first the good of all is too much a venture of faith. If he spends his money it will be gone when he needs it. If he puts it in the bank the bank

will deliver it up at call—though a German or Austrian can be none too sure of that. So he spends as little instead of as much as possible, which means that he gives as little employment as possible, unless it is indeed true that the banks use his money as well for him as he would use it for himself (which is very doubtful in a time of contracting demand when loans are not needed for such purposes as factory expansion or new construction). The resemblance to the behaviour of the average European State, with its fatal economic doctrine of "Ourselves First," fallaciously supposed to be synonymous with "Safety First," is palpable.

There is no subject on which the average American holds stronger views than on this. Here, on this continent, he observes with perfect justice, is an area approximately the size of Europe, 3,000 miles across from east to west, 2,500 from north to south, divided into forty-eight States—forty-nine if you count the District of Columbia—and with not a customs barrier to intercept the free flow of goods from Dallas to Detroit, from San Francisco to Philadelphia. Whereas Europe—Europe with its thirty States, some of them half the size of Ohio—is covered from end to end with a network of customs barriers so

close-meshed that you can hardly travel a couple of hundred miles from any given point without coming up against some frontier or other. The comparison, of course, is completely misleading. There is no true resemblance between a State of the American Union and a European State at all. To put the matter at its briefest, one is a completely independent unit of government, consecrated usually by the tradition of centuries, with all their memories of battle and suffering, of nation-builders and other remembered heroes; the other is no more than a convenient territorial division. The original thirteen colonies on the Atlantic seaboard were in a more definite sense separate entities, but even they were merely subordinate parts of Great Britain till such time as they became instead subordinate parts of the American Union. They never developed the attributes, good and bad, of sovereign States (except momentarily during the War of Independence itself). The States of Europe did, and so essential an attribute of sovereignty is a tariff system considered that when the new States that came into being as result of the war were urged at the Paris Conference of 1919 to forbear from raising tariff barriers against one another they asked in indignation why

they alone should be called on to limit their independence by restrictions no already established State had any thought of accepting.

The twentieth century, it has been said, is the age of internationalism. That is true politically, at any rate by comparison with the nineteenth. The best evidence of its truth is the League of Nations and other less elaborately organised associations of States like the Pan-American Union. In the political sphere nations have actually been willing to make real sacrifices of sovereignty, debarring themselves deliberately from following certain courses of action and binding themselves in certain contingencies to follow others. But economically there has been a definite throw-back to nationalism. Nowhere is that more conspicuous than in Europe, and there is no clearer evidence of it than in the changed estimate it is necessary to put on the economic work of the League of Nations. Five years ago the economic side was by common consent the most valuable of all. Austria had been saved by the League from complete financial breakdown, and after Austria Hungary, and after Hungary Bulgaria. The Greek Refugee Settlement Scheme was being carried out

with complete success. Smaller countries like Estonia had been given the help they needed at the moment they needed it. The moment seemed auspicious in every way for the Economic Conference of 1927. All States sent delegates to it, including the two great non-members of the League, the United States and Soviet Russia. Its purpose was, not to pass binding resolutions, but to lay down, for the guidance of all, principles and rules of life, as the Brussels Financial Conference had done so successfully seven years before in another sphere.

At the conference itself all expectations were fulfilled. The right course for the world, and Europe in particular, was clear to all, and the delegates were unanimous (except for the abstention of the Soviet representatives) in defining and recommending it. "The time," it was declared in a passage that concentrated the universal conviction of the delegates, "has come to put an end to the increase in tariffs and to move in the opposite direction." That was a declaration in favour not of no tariffs but of moderate tariffs, not of free trade but of freer trade. But what has come of it? Every nation acknowledges its truth and forthwith proceeds in practice to disregard it. *Video meliora proboque, Deteriora sequor.*

In 1929 a concerted attempt to secure what was called a tariff truce—a temporary respite from further tariff increases, so as to give time for systematic negotiations making for actual tariff reductions—broke down for lack of the necessary support. A convention designed to put an end to the absolute prohibitions imposed by various States on the import or export of particular commodities failed to get sufficient ratifications to bring it into general operation. Certain countries have half their frontiers hermetically sealed to commerce of any kind. There are no commercial dealings between Poland and Lithuania and next to none between Poland and Germany—in the former case, which is less important, because of a political quarrel, in the latter because of a commercial war which broke out in 1925 and remained still truceless at the end of 1931. Europe has swung back, in part deliberately, in part through the play of forces her statesmen are not competent to resist, into an economic nationalism from which no State dares to break away, though all of them realise that its end is ruin. The League no doubt has done something to check the disastrous tendency. Without the League, that is to say, things would be worse than they are.

And so far as the League has failed the League itself is not to blame. It is, after all, no more than an association of individual States, and its policy must be what those States decide it shall be. Moreover, when the policy has been formulated (as it was at the Economic Conference of 1927) it rests with the States themselves to put it into practice. And the common rule in the economic sphere to-day is for the League to point out the right road and for the Governments whose delegates have helped it to do that to turn their footsteps resolutely into the wrong one.

.

CHAPTER III

PEACE OR WAR ?

THE future of Europe will depend before all things on whether Europe is to remain at peace for the next ten years. On that there are diverse views. Lord Cecil, speaking at the League of Nations Assembly in September 1931, expressed the opinion that never at any period in the world's history had war seemed more remote than it was at that moment. A few weeks later Signor Mussolini, whom it would be a profound mistake to represent as a stormy petrel seeking trouble, made a speech which was interpreted as meaning that he saw war imminent. Between those contrasted estimates every observer of events can make the choice for himself. Superficially occasions for war in Europe are all too visible. There is the discontent of the defeated nations over their loss of territory, sullen and relentless in the case of Germany, fiercer and more vocal in the case of Hungary. But Germany has, as regards her western frontiers, endorsed by

the voluntary act of Locarno the renunciation she made under duress at Versailles, and though Stresemann, who declared she would never seek to make changes in the east by war, is dead, his pledge must be taken to represent the official policy of Germany, until such time at any rate as Herr Hitler's party finds itself in power. With one reservation. There is a formidable danger overhanging Europe as these words are being written, and Europe seems far too little conscious of it. Germany and some of her former enemies, France in particular, are accusing one another of tearing up the Treaty of Versailles. Germany declares, in the language of fact rather than of menace, that she is incapable of continuing her reparation payments. France charges her with definitely repudiating her obligations. In another sphere Germany, having carried out the measure of disarmament imposed on her by the treaty, accuses France and other States of disregarding the implicit pledge they gave to follow Germany's example when Germany had led the way. There are two situations here that may lead to serious trouble. If Germany defaults on her reparation payments without previous agreement with her creditors, particularly

France once more, the question of measures of coercion will arise. Last time there was a default France marched into the Ruhr and stayed there for over two years. That adventure was not so profitable as to encourage a renewal of it, but the tension the situation envisaged would create as between France and Germany would unquestionably be full of menace.

The same is true of the crisis likely to arise in the event of Germany contending, in regard to armaments, that since the signatories of the Treaty of Versailles had failed to carry out their moral (and according to some interpretations their legal) obligations to disarm, Germany was liberated from her own undertakings and free to increase her armaments above the specified limit. That is a far from improbable development, and any attempt to carry the threat into effect would precipitate a much more critical situation than any default on reparations. France would at once contest the legality of the act, and though the matter might be referred, as it should be, to the Permanent Court at the Hague for a ruling on the juridical question, feeling on both sides of the Rhine would be stirred so deeply that some spontaneous outbreak, leading

probably enough to more extensive trouble and possibly to actual war, might be looked for at any moment. Whether the drift is in fact in that direction will no doubt be known soon after this volume is in circulation, but the contingency must be taken into account in any complete survey of the possibilities of war in Europe.

Then there is Hungary, who shows no more sign of acquiescing in her fate than she did ten years ago, but so long as the Little Entente holds together to discharge its primary purpose of keeping Hungarian ambitions in check no Hungarian Government is likely to commit the folly of aggressive action or to succeed in such a venture if it does. Bulgaria in the Balkans is no less restless, but the same odds are ranged against her there as hold Hungary in leash. Unaided she can do nothing to extend the limits the Treaty of Neuilly imposed on her.

But suppose Bulgaria is not unaided? And Hungary? And Germany? There is one quarter only from which aid could come—apart from Russia, and Russia is a separate story. Italy is the possible ally of the defeated States, and for the theory that she might be disposed to make common

cause with them a plausible case might be constructed. Italy as a nation is ambitious. The characteristics the Fascist régime displays at home must find their reflection in occasional demonstrations on the international stage. It speaks well for the restraint of Italy's leaders that those demonstrations are not more frequent and more disturbing than they are. The role of Italy, if she cared to assume it—and the temptation is plainly present to her mind—is obviously that of leader of a bloc in opposition to France. Various considerations might dispose her to that. It would, to begin with, minister to her prestige. That probably matters as much as anything to a formidable section of Fascist opinion. In the second place there are numerous and serious grounds for friction between Italy and France. There is a natural rivalry between the two principal States of continental Europe west of Russia—for Italy herself at any rate would certainly claim a place above Germany in the hierarchy. There are real and long-standing differences between the two countries over Italy's desire to expand into, and gain a certain status in, the French protectorates in northern Africa. There is, not unconnected with that, France's alarm at her almost stationary birth-rate, and

Italy's campaign for babies and yet more babies, which has given her almost the same population as the French. France stands at 42,000,000. Italy is just under that to-day and proposes to stabilise at 60,000,000. There are difficulties on both sides about the position of the 800,000 Italian agricultural workers in south-eastern France. There is bitter resentment on the Italian side at the freedom of speech and writing accorded to anti-Fascist refugees in France. There is sustained indignation at France's refusal to admit the right of Italy to naval parity with herself, particularly when it is certain that for financial reasons Italy would not build up to France's level, and sustained irritation at the compulsion thus laid on Italian taxpayers to spend money they can ill afford in building ship for ship with France so as to fall no further behindhand in the race.

None of these factors by themselves, nor the whole combined, constitute a cause of war, but they do serve to concentrate the Italian mind on the possibility of war, and dispose the Italian leaders to consider where, in such an eventuality, external support might be found. For France, it must never be forgotten (Italy least of all countries is likely to forget it), is head of a European bloc, and

it is only as part of a rival bloc that any individual State could venture to take up arms against her. Italy's associates in such a case are clearly enough marked out, and she has already begun to gravitate towards them. They are the countries with a particular grievance against France or the peace treaties France is determined to enforce. They are, in short, Germany, Hungary and Bulgaria—the latter now linked to Italy by a union, for what that may be worth, between the royal houses, and sharing to the full Italian hostility towards Yugoslavia.

A colourable case could thus be made for a war between an Italian bloc and a French. But no more than colourable. In the first place there is no equality of strength. Germany, Hungary, Bulgaria are all disarmed, and Italy is no match for France by land or sea. Secondly, and more important, there is no reason to believe that Italy has any serious thought of war. Italian foreign policy has evolved considerably in the last few years and always in the direction of stability and peace. That accounts for the increasingly cordial relations that have undoubtedly been developing with Great Britain. Signor Mussolini, it is true, has a unique gift for preaching peace and

fulminating war in one and the same speech, and sometimes exercises it, but Italy's persistent pressure for the reduction of naval armaments, and her initiative in proposing the armaments truce at Geneva in 1931, are not less significant evidences of her considered policy if they are attributed to no higher motives than pure self-interest.

There are no doubt other possible causes of war in Europe—minority difficulties, for example. But there the same considerations apply as to the question of territorial changes. The nations with grievances, just or imagined, are those who were not only conquered but disarmed, and the conclusion once again emerges that those who have the desire to change the existing order in Europe have not the power to do it, and those who have the power have not the desire, for the order that exists is the order the States with power have established. These conditions are no basis for peace in the true sense, if by real peace is meant the absence of all inclination to war, but they do at least guarantee warlessness in Europe for a period, and that period forms the interval that provides an opportunity for laying the foundations of true stability. The interval is not eternal. The war-spirit if it persists cannot be for ever suppressed.

Nations in desperation will fight against hopeless odds and no one knows where a war so begun may end.

If any serious student of European affairs were asked to put his finger on the spot where war, if war does come, would first break out, he would almost certainly plant it, not as before 1914 in the Balkans, but at some point on the German-Polish frontier, probably just about where the so-called Polish Corridor is narrowest. To say that is very far from predicting that war will some day break out in or about the Polish Corridor. There is no reason why anything of the sort should happen. But that is the kind of danger present to anxious minds. The movement in Germany of revolt against the Treaty of Versailles, and in particular against the loss of Danzig and East Prussia and Upper Silesia, has gained new force and new expression under such leaders as Hitler and Hugenberg. An armed incursion of Hitlerites into the Corridor would be madness if it involved a contest between a band of irregulars and all the military force Poland could call up to resist them. But it is a madness of which young hotheads, heated to higher temperatures still by too stimulating sabbatical rhetoric, might not be incapable ; and if such a raid received

too much popular support, or the measures taken against it by the Poles were too ruthless, it might be difficult for the German Government to keep itself and the army out of the conflict. What action France would take in such a case is certain. Definite treaty obligations bind her to Poland. What Russia would do is far less certain. And just what application the Treaty of Locarno would have in the circumstances is more problematic still.

Now this is an imaginary case. It is most unlikely to be more than imaginary. Which means, in view of the choice of the Corridor dispute as the most probable cause of war in Europe, that war in Europe is not probable in any future it is easy to foresee. And in fact it is not. There are at least three good reasons for that, and no doubt plenty of others a little less good. One, the military predominance enjoyed by the group of States whose interest it is to keep the existing order unchanged, has already been mentioned. A second is the economic and financial stringency from which almost every State in Europe, certainly every potential violator of the peace, is suffering. On the face of it they are in no condition to sustain the burden of war for a week—though it is arguable that

a country's very desperation might drive it into war, on the principle that things are so bad that there is nothing more to lose. The third is the probability that so far as European States are concerned the League of Nations would be strong enough to prevent war. The League's power to preserve peace in Europe will not be proved till it has succeeded in staving off a war in which at least one Great Power would have been engaged. It may be claimed that it did that at Corfu in 1923, but the issue there was too complex, and the jurisdiction too divided, to make it wise to cite the Corfu case as a precedent. Much more recently the League has had to deal with the Japanese invasion of Manchuria. Again the issue was very far from simple and opinions differ as to how far the League succeeded or failed in its endeavours. But whatever allowances are made, or conclusions reached, it is difficult to maintain that the Manchurian affair will have increased the confidence of weak States in the League's ability to protect them from a stronger. In spite of that the League does mean a good deal to European States. All of them west of Russia are members of it. Most of them have sat at one time or another on its Council. None of

them ever absents itself from the Assembly. All attend the so-called Commission of Enquiry for European Union (more simply the European Commission), inaugurated on M. Briand's initiative for the discussion of questions of purely European interest. Those Americans are wrong who justify their attitude of detachment from Geneva by the contention that the League as a whole is a European affair. It is not. But at the same time, the League's main concern in its early years has, for obvious reasons, been with European questions, and that has made it a peculiar reality to European States. They are accustomed to have recourse to Geneva for every kind of purpose, and the collective good sense of Europe concentrated at Geneva should be equal to stamping out the first sparks of a possible European War.

But to say that of a Europe organised through the League of Nations is to leave one factor of the first importance out altogether. How far is Soviet Russia a danger to European peace? The question is even harder to answer than it seems, for it means foreshadowing the future of a State and a system whose destiny is, more than that of any other in the world, incalculable. Russia to-day is no menace to peace. The last thing she

desires is war, for 100 per cent. of her energies is devoted to the supreme task of carrying through the Five Years' Plan. The plan is very far from a failure, but not even an official Soviet propagandist would claim that it has so far succeeded that Russia could already equip herself to face the terrific strain of a first-class war in days when it is no longer men that count in war but machines. But what when the five years have expired? Will Russia not feel herself ready for war then? The first answer to that is that at the end of the five years the Five Years' Plan will not have been carried through. Sixty per cent. of it may have been, perhaps even seventy; certainly not more. The second answer is that when the Five Years' Plan has been executed, or is officially declared to have been executed, it will inevitably be succeeded by another, perhaps of five years again, perhaps of only three or two, designed to raise the standard of life for the Russian people. The idea of that second plan will still throw the idea of war into the background.

But eventually? What about the spread of the world revolution? The question admits of no certain answer, but it opens up interesting fields of speculation. If the Five

Years' Plan and its successor or successors justify hope, and the standards of comfort and prosperity in Russia rise, what will become of the urge towards revolution? "Let me have men about me that are lean—and hungry"—the prophet of revolution may well demand. Full stomachs make bad revolutionaries and full purses worse. It is arguable (though not a great deal could be staked on the assumption) that till the Five Years' Plan is through, Russia will not be capable of fighting on any large scale and that when it is through she will not want to fight. This, moreover, must be said, in justice, of Russia. In every disarmament discussion she has invariably declared herself ready to accept the most drastic proposals for the reduction and limitation of armaments, and has herself formulated proposals so sweeping that it was difficult to persuade any one to take them seriously.¹ The Soviet Government may, as many of its habitual critics have loudly insisted, be entirely insincere, but till other States have taken Russia at her word, accepted her standards of armaments and challenged her to observe them herself, no one is in a position

¹ Notably at the Preparatory Commission for the Disarmament Conference at Geneva in December 1927.

to prove her insincere or convict her of hypocrisy. On the whole there is reasonable ground for concluding that the leading members of the Communist Party have, as M. Litvinoff indicated in a speech at Geneva in 1931, abandoned the early dream of the almost immediate establishment of the Communist system the world over and accepted the idea of the co-existence of two opposed and irreconcilable conceptions of society. And M. Lunacharsky, then Commissar of Education, was probably voicing a conviction that has since become more general in Russia when he observed a few years ago that the war Moscow had in view was a war of ideas ; the world would be converted to Communism, not coerced.

In one aspect the danger of Russia being involved in war is more serious. Such tension as exists to-day between Moscow and other capitals arises from economic causes. There is deep and widespread hatred of Soviet doctrines, and the émigrés from Czarist Russia still exercise a certain influence here and there. But that counts for little beside the friction caused by the alleged unfairness of Russian competition in world markets. There are genuine difficulties here, and they may as well be frankly recognised.

Russia, as result of the exhaustion caused by the war, prolonged by the operations of Koltchak, Denikin, and other champions of the old régime, and the hopeless disorganisation due to the revolution, was practically kept out of the world markets for years after the rest of the warring States had settled down to normal commercial relations. There was no longer Russian wheat available, so Canada and the United States and Australia and the Argentine grew more. They grew all the world wanted, and when Russia a year or two ago began exporting again she found the market already glutted. So with oil. So with timber and other commodities. She could only sell her products—and it was life and death to her to sell them in order to buy machinery to carry out the Five Years' Plan—by undercutting rival producers and threatening them with ruin. Hence the demand everywhere for special discrimination against Russian goods, and the measures a number of countries have actually taken to keep imports from Russia out or subject them to special disabilities. Russia does not take kindly to such discrimination. At the hands of countries like Great Britain or France or Italy she may have to submit to it if it is imposed, but there is always the danger that

she may take against some lesser State attempting it measures so sharp as to end, intentionally or otherwise, in actual war. Such a development is not among the probabilities, but when the possible occasions of war are under examination this one cannot be entirely ruled out.

From one other fertile cause of past wars the Europe of the future promises to be immune. Wars of religion and wars of race have no longer to be seriously feared. Both religion and race, no doubt, figure largely in the minority problem, and it is arguable that there is more danger of war in minority discontents than in anything else. But minority grievances, if it cannot be claimed that they secure any complete redress at Geneva, at any rate secure sufficient consideration there to make the Geneva procedure an adequate safeguard against actual war. Such religious differences as do cause tension between States to-day are no longer antagonisms between Catholic and Protestant, as they were in the sixteenth and seventeenth centuries (one or two incidents in the recent history of Czechoslovakia form a minor exception), but between Catholic and Orthodox, which is another way of saying that they are confined to the east of Europe. In that

guise they perpetuate to some extent, but in a mitigated form, the old rivalry between Teuton and Slav that bulked so large among the varied causes of the World War. Pan-Slavism and Pan-Germanism are alike to all appearance dead. Russia, as protector of the Slavs of the Balkans, has disappeared, and the powerful Austro-German bloc, with penetration of the Balkans as an incident in the advance to Bagdad its constant aim, has no longer the power or the desire to pursue such objectives. Nationality is overshadowing race as a political factor, in spite of the prominence the Anschluss—union between Germany and Austria—assumes from time to time. But the motive there is at least as much political and economic as racial.

If therefore it is necessary, as it seems to be, to base the discussion of future developments in Europe either on the assumption that there will be another European war at an early date or on the assumption that there will not, the latter is clearly to be chosen. War is possible, but peace is more probable. There will be something more definite to say about that when the result of the Disarmament Conference of 1932 is known, for though armaments may not be among the major causes of war they are emphatically the chief

symbols of a spirit that keeps the idea of war always in the forefront. Nations have nerves as much as individuals, sometimes more, as every student of mass psychology knows, and armaments are dangerous playthings for a nervous nation to keep handling. Consequently a reduction of armaments would mean a definite relegation of the war idea, and therefore of the war danger, to the background, while the failure to secure general reduction would charge the air with suspicions and alarms and convince half the States of Europe that the other half were insisting on maintaining their military and naval equipment because they had a definite intention of using it. War will either be farther away at the end of the Disarmament Conference or less far.

.

CHAPTER IV

TARIFF BARRIERS

Assume then that it is with a peaceful, or more accurately a warless, Europe that we have to reckon in the years lying immediately ahead. If the main preoccupations of the Continent are not military they will inevitably for some years be economic. And the issues raised there will be of two kinds and two magnitudes. There are the ordinary commercial relationships between individual States, and there is the much more general division of Europe into two groups of States, corresponding to no ordinary political alignments and with interests fundamentally different but largely reconcilable. The latter conception, which will call for further discussion later, owes its origin very largely to one of the few contemporary books of which it can be said with any confidence that they have definitely influenced political thought, M. Francis Delaisi's *Les Deux Europes*. It will suffice at this point to mention that what M. Delaisi contrasts is an industrial Europe of the West

and an agricultural Europe of the East, both of which he geographically defines, capable of entering into much closer commercial and financial relations with one another to the common interest of both. The question of how far such a reading of the European situation is accurate, and how far developments in the desired direction are probable, or are already beginning, demands examination, but it may be postponed till some estimate has been made of the future trend of existing relationships between State and State.

It is all wrong, of course, or rather it should be all wrong, to speak of commercial relationships between States at all, for States, except in the case of Soviet Russia, do not do commercial business. They leave that to individual traders within their borders. A merchant in London buys glass (or did before the Abnormal Importations Act of 1931) from a manufacturer in Belgium, and there is on the face of it nothing to distinguish that transaction fundamentally from a purchase from a manufacturer in Lancashire. But in the first instance it is an international transaction, figuring in the import and export statistics of both countries, possibly involving the payment of duties which may be governed by some commercial treaty, affecting the

two countries' trade balance and therefore the exchange value of their currencies. Consequently, we speak of Denmark sending us butter or France silks, not Danish farmers or Lyons weavers. Trade has become so national (not Governmental) that it has everywhere to be defended against competition from outside. Hence the paraphernalia of tariff barriers of which it has been necessary to say so much already.

What is to come of those barriers? They may get higher, they may get lower, they may be up to a point circumvented. It might be supposed that, taking Europe as a whole, tariffs were already so high that any further increase was hardly possible. There is some truth in that, if Great Britain's transition from Free Trade to Protection is left out of account, though almost everywhere a slump in exports has necessitated restrictions on imports in the interests of the trade balance, and led to the construction of still higher tariff walls. We may not have seen the worst yet. There are unfortunately various special circumstances making for the maintenance or increase of tariffs or for resort to some alternative obstruction to trade. One is the special case of Germany, and to a lesser extent of Russia. Germany has vast sums—

averaging two milliards of marks a year—to pay in reparations. She can pay them only out of her trade balance, *i.e.* out of an excess of exports over imports. She must therefore export at almost any cost, and other countries swept by the fierce blast of German competition have taken whatever steps seemed most effective to keep German goods—or at any rate an abnormal influx of German goods—out. Even Switzerland has felt herself driven to that, and sharp exchanges between German and Swiss delegates at the League of Nations Assembly in 1931 revealed the tension the situation had created. The quota, or contingent, system (*i.e.* limitation of imports of particular commodities to a fixed quantity) may take the place of a tariff, but the effect on international trade is the same. France has adopted that very largely, to the concern of other countries doing trade with her. Russia is exporting assiduously for another reason, to secure the wherewithal to purchase imports for the execution of the Five Years' Plan, and as far as European States have any organised commercial relations with Russia they feel little compunction in limiting imports of Russian goods or excluding certain categories of them altogether.

The other factor militating against any improvement in the general tariff situation is the difficulty caused by currency fluctuations. That particular trouble seemed to have been disposed of by about 1925, by which date practically every important European currency had been brought into a fixed relation to gold. But the departure of Great Britain from the gold standard in September 1931, for reasons not immediately relevant here, threw commercial relations into confusion once more, for the Scandinavian countries and various others found it necessary to follow suit. French importers, as a consequence, could buy more English pounds, and consequently more English goods, with the same amount of francs as before. Those goods, in other words, became cheaper in terms of francs and consequently competed advantageously with home-produced French goods of the same kind. Hence a natural demand by French producers for special protection against the depreciated pound, and the grant of that protection in the shape of a 15 per cent. surtax on imports from Great Britain. At the same time Great Britain itself, in order to counteract the monetary effects of an excess of imports over exports, put on a tariff of anything up to

100 per cent. on a varied list of products, both industrial and agricultural, which it was considered could be excluded without serious loss to any one.

Those are the chief factors that may tend to keep tariffs high or even to raise them higher. The factors that may tend to lower them are common sense and a realisation—if it comes in time—of the almost irretrievable disaster that may befall international trade if the fine art of restriction and exclusion is developed any further. Meanwhile an interesting alternative to tariff barriers is provided by the rapidly increasing international cartels, under which producers of the same, or similar articles, in different countries make agreements to avoid cut-throat competition, as, for example, reserving the national market in each country for the producers of that country and allocating neutral markets according to fixed arrangements. It is necessary, of course, for the producers within a single country to be sufficiently organised to negotiate with producers elsewhere as a single unit, which is one reason why Great Britain does not figure prominently in existing cartels. Cartels may render tariffs largely irrelevant. If, to take a simple example, French and German producers

(among others) form a potash cartel under which the home market is reserved in each case for home producers there will be no danger of any potash coming in from outside, and it is therefore immaterial whether there is a prohibitive tariff on potash or no tariff at all. As a matter of fact the tariff will usually be prohibitive, to cover the case of imports from countries, or from individual producers, outside the cartel.¹ Cartels have the effect of creating a more or less definite monopoly and may therefore be against the consumer's interests. For that reason the question of national or international control arises.

What is to be the ultimate outcome of this welter of confused tendencies, which to-day have produced a dislocation so complex that international trade is being reduced to literal barter (the United States obtaining coffee

¹ Pointing out that such agreements are not confined to crude products like steel or potash, Mr. Alexander Loveday, Director of the Financial Section of the League of Nations Secretariat, observes: "The bottles in which we buy our drinks, the enamel ware and aluminium we employ in our kitchens, the linoleum on which we walk, the mirrors in which our wives admire themselves, the electric bulbs which facilitate that task, even the Glauber salts or the bismuth, which, according to their dispositions, others take in the morning, are subject to international control or agreement in one group of countries or another" (*Index*, January 1930).

from Brazil in exchange for wheat, Germany sending machinery to Russia in return for oil and flax)? It is difficult to imagine any moment in which that question would be harder to answer than the one at which these words are being written, a moment when it is impossible even to foresee whether the economic structure of Europe is to perish or survive. More fatal still to any confident prediction is the doubt, growing almost daily graver, whether there exist in any country men capable of directing events and withstanding tendencies, instead of being controlled by the one and swept along by the other. And under the head of events must be counted, even if a little inappropriately, that national public opinion which in its shortsightedness and prejudice and self-seeking acts as a hopeless drag on leaders capable themselves of seeing the path of wisdom and disposed to take it. Both M. Laval and Dr. Brüning in Europe and Mr. Hoover across the Atlantic know all too well what that handicap means.

The only conclusion worth discussing—for if complete breakdown, anarchy and chaos are to be assumed, there is nothing left to discuss—is that Europe will, in spite of everything, make a supreme effort to set its

house in order both politically and economically. That raises national as well as international questions. The policy of Germany will depend largely on whether the National Socialists led by Herr Adolf Hitler succeed in capturing the Reichstag or not. The policy of Italy might (or might not) be considerably changed in the event of the death of Signor Mussolini. Russia is incalculable externally because incalculable internally. But on the whole the effect of such factors as these is more easily exaggerated than underrated. National policies are oftener than we realise what they must be, not what this individual leader or that makes them. The continuity in foreign policy on which Great Britain rather prides herself may be a virtue, but it is also very largely a necessity. We act as we do mainly because of geography and other fixed factors. And the Governments of other countries are in much the same case. It is quite true that if Herr Hitler secured power and declared the Treaty of Versailles null and void, or the Præsidium in Soviet Russia decided to attempt the conversion of the world to Communism by force of arms, discussion of the future of Europe would be futile. It is safer, and more in accordance with probability, to assume

that a change of leaders in a particular country means simply that that country's national policy may be given a different slant, not that it will be transformed or reversed.

Politically, as has been suggested already, the test of Europe's capacity to rise above the level of to-day will be the Disarmament Conference of 1932. Not that any radical transformation will come out of the conference itself. No one could reasonably look for that, though the impossibility of getting to the root of the disarmament question without facing political problems of the first order (see the French Memorandum of July 1931 on security as a condition of a reduction of armaments) may carry the delegates at the conference a good deal further than was contemplated when they were appointed. But the conference will be a supreme test, because its failure, however that might be glossed over by some face-saving formula, would give a new and inevitable impulse to those tendencies towards a defensive nationalism (that may insensibly become first defiant and then aggressive) which it is essential to arrest and reverse. And political, military and economic nationalisms to-day go hand in hand.

Exactly what outcome of the conference

may be held to constitute success and what failure is an open question, which need not be given an answer here. Let it be simply assumed that there is no such failure as to make further discussion of Europe's economic state irrelevant. Let it be assumed further that consciousness of the dangers of the economic situation has so burned itself into the minds of statesmen that some old prejudices are abandoned and some old resistances worn down. We may then see a genuine and concerted attempt to get tariffs lowered. That might be effected in more ways than one. The advice of the Economic Conference of 1927, that States should give up increasing their tariffs and "move in the opposite direction" might be taken by individual States in their own interests. But that is not very probable. The curse of the tariff system is that industries not efficient enough or not sufficiently advantageously situated to face world competition are built up under its shelter, and their outcry if there is talk of removing or reducing the shelter outweighs completely the approval of the general population, too slow to realise the benefits it will secure from lower prices and (in some cases) better goods. The consumer is unorganised and mute. A country is not

much more likely to reduce its tariffs unilaterally than it is to disarm unilaterally. The analogy between the two problems is close. And just as a Disarmament Conference is needed to secure disarmament on any general scale, or indeed to make serious disarmament by any individual country practicable, so a Tariff Conference must be convened if European tariffs generally are to be reduced.

The fact that recent conferences of this kind have been unsuccessful does not mean that the method was wrong or that the attempt ought not to be made again. It is significant that when a world conference on the abolition of those complete prohibitions of imports and exports which impeded trade rather more than even tariffs themselves was convened in 1929 no non-European State participated (though one or two sent observers) and every European State did, with the unimportant exceptions of Lithuania and Albania. The convention drafted did not in the end secure enough ratifications to bring it into widespread operation, but the composition of the conference showed how fully Europe realised the importance of such problems. The solution of them has not been found, but at least the necessity of solving them has been recognised.

The so-called Tariff Truce Conference of the following year was conceived on essentially sound lines, though for lack of preparation and other reasons it did not bear the hoped-for fruit. The aim, as with disarmament, was to secure first a pledge against any future increases and then gradual reductions by considered agreement. The tariff disease has grown steadily more acute since 1930, and nations which declined that particular remedy then may be more disposed to give it a trial now.

Meanwhile something may be done to lower tariffs between two contiguous States, or even to abolish them altogether. Economically the projected Austro-German Customs Union was a step in the right direction, even though it might not have yielded all the benefits claimed for it. The political reasons against it are not relevant here, except as they provide one more proof of the disastrous conflict between political and economic interests in parts of Europe to-day. In so far as the effect of the union would have been to create a larger production and consumption unit in Central Europe the result would have been all to the good, and there is every reason why similar enlargements of small units elsewhere on the

Continent should be attempted. Some attempts are, in fact, being made, and others will be. The two Baltic States, Estonia and Latvia (populations 1,120,000 and 1,900,000, respectively), have been working at a complete customs union since 1928; Rumania and Yugoslavia were talking definitely in 1930 of taking the same step, though nothing has yet come of it; a much larger union involving all the Balkan States (and therefore including Rumania and Yugoslavia) figures definitely in the programme drawn up by the unofficial but important Balkan conferences of 1930 and 1931; and the idea of a customs union of the Danubian States (again including Rumania and Yugoslavia) is constantly present to the mind of the more far-sighted politicians in Czechoslovakia and adjacent countries. It will be observed that several of these projects overlap, which may either facilitate or impede their execution.

One difficulty, moreover, has to be faced from the beginning. If two countries, Estonia and Latvia for example, decide to form a complete customs union, that means that goods for Latvia can enter indifferently at a Latvian or Estonian port or across the Latvian or Estonian land frontier. The duty is the same everywhere, and once the

goods are inside they cross the common frontier between Latvia and Estonia free of any further impost at all. Latvia and Estonia, in other words, become for tariff purposes like England and Scotland. But at least three questions arise. Are Estonian manufacturers content to face the competition of Latvian factories and *vice versa*? That is the least of the difficulties, and it need be no more than mentioned. Can Estonia and Latvia agree on the items of a common tariff, to be imposed on all the external frontiers of both? The interests of the two countries may conflict seriously at certain points. Estonia may want, in the interests of her consumers, to let in goods that Latvia prefers, in the interests of her producers, to keep out. Moreover, since, with a common tariff for both countries, it makes no difference whether goods are landed at an Estonian or a Latvian port the Estonian Reval may either gain at the expense, or suffer to the advantage, of the Latvian Libau.

Finally, how are the duties collected at the frontiers to be divided between the two countries? It would obviously be quite unfair for each country to keep what it levies at its own frontier, for a large part of that may represent dues on goods going through to the

other. This particular difficulty is, of course, in no way insoluble. There can be allocation on the basis of population or volume of trade or in accordance with some other criterion. But it is clear that there will have to be a standing joint commission to regulate all these matters, particularly the question of changes in the tariff schedules. Will such changes have to be confirmed by the Parliaments of the two countries? If so, there may well be deadlock. If not, the joint tariff commission will acquire an importance which may soon be more than merely economic. A customs union, in short, is only compatible with very close and very cordial political relations, and political union may seem in time to be its natural outcome.

That impression is confirmed by the emotions stirred by the proposed Austro-German Customs Union, which France and the other habitual critics of Germany hailed as an obvious prelude to a full political union between the two countries. However that may be, the text of the proposed union is of some interest as indicating how such an arrangement between any two States might be expected to work, and answering incidentally some of the questions just asked in reference to Estonia and Latvia. It is

explained in the Protocol of March 1931 that there is nothing exclusive about the arrangement. Other States, indeed, are invited to come into it. But the agreement is, in fact, drawn on bilateral, not multilateral, lines. The essence of the matter lies in the provision that during the currency of the agreement (three years in the first instance, with the faculty of denunciation by either side on one year's notice at any time after the expiry of the first two years) "the exchange of goods between the countries shall not be subject to any import or export duties." As to the division of the proceeds of the ordinary customs duties nothing more is said than that "the amount of the duties received shall be apportioned between the two according to a quota." It is added that "no import, export or transit prohibitions shall exist as between Germany and Austria." The whole agreement is governed by the provision that "Germany and Austria will agree on a tariff law and a customs tariff" for the duration of the treaty. The treaty itself, it is necessary to observe, was never framed, the document which aroused French indignation, and was ultimately condemned by the Hague Court as incompatible with various anterior undertakings by which Austria was

bound, being merely a preliminary protocol embodying the agreement to conclude a treaty later. That, if it had materialised, would have been a detailed document, indicating much more clearly than the protocol how various difficulties incidental to any customs union plan (notably the character and status of the joint tariff-making authority) were to be surmounted.

The considerations raised by the study of these and similar projects have an obvious bearing on the suggestion of the European Commission's experts in August 1931, as an ultimate aim, that Europe ought to be made a single market for the products of any and every country in it. That can mean only one thing, that—as an ultimate aim—all internal tariff barriers in Europe should be removed, and goods produced in any country of the Continent be transportable to any other to be offered for sale there without any tariff barrier to cross on the way. (If this idea in all its implications was not involved in the verdict of these particular economic experts it is certainly quite definitely involved in proposals put forward with some authority in various quarters regarding a United States of Europe.) But there is no suggestion that goods from outside Europe should come in on

such terms. Round all the coast-line and along some undetermined frontier in the east there would have to be customs-barriers as at present—just as there would be on a small scale round the outer frontiers of Estonia and Latvia in the event of a Latvian-Estonian Customs Union. The problems of the fixation and variation of tariffs, and the distribution of the proceeds among the thirty States of the Continent, would be so inconceivably formidable that it is hardly possible that the arrangement could be carried through till the day when Europe is ready for a political federation too. But it remains true, in spite of that, that if regional customs unions developed, and the number of tariff units in Europe, as distinct from the number of political units, were thereby reduced, the difficulties in the way of the creation of the “single market” would be proportionately diminished.

CHAPTER V

THE TWO EUROPES

BUT economic recovery in Europe might come along other lines than these. It is worth while here to examine briefly the thesis very strikingly developed by M. Francis Delaisi in his book *Les Deux Europes*, to which reference has already been made. The two Europes M. Delaisi depicts are, as he epigrammatically puts it, "the draught-horse Europe" and "the horse-power Europe," more simply the agricultural Europe and the industrial Europe. There can, of course, be no clear-cut line of division between the two. Every agricultural country supports a certain number of industries; every industrial country maintains a certain amount of agriculture. But the contrast between predominantly agricultural and predominantly industrial regions does broadly represent existing facts in Europe. M. Delaisi goes so far as to define his industrial and agricultural areas. The first covers most of the centre and west of the Continent,

lying within a line drawn from Stockholm through Danzig, Cracow, Budapest, Florence, Barcelona, Bilbao, then up to Glasgow (including all France and all England, but not Ireland), and so back to Stockholm again. This area—Europe A, as M. Delaisi calls it—has steadily developed itself in the last two or three centuries, while Europe B, mainly the southern and eastern parts of the Continent, stood still. Not only did A develop its industries, it developed such agriculture as was not crowded out by industrial expansion, till the yield per acre in Europe A far exceeded the yield per acre in Europe B. It then proceeded to develop the lands overseas, mainly the lands across the Atlantic. Here an interesting process went on. At first Europe A sent out colonists—Englishmen, Dutchmen, Germans and others—and having sent them themselves, sent after them, or in some cases before them, two vital necessities—implements and capital. The emigrant settled in Canada or the Argentine or the United States. He arrived often almost penniless, with nothing but the plot of land which his new country gave him for nothing or a nominal rent. But thanks to the enterprise of Europe A a bank founded with European capital was there to lend him,

on the security of his land, money to buy the ploughs and the reapers, the boots and the clothes, which the factories of Europe A had manufactured and the ships of Europe A had carried for him across the sea. Railroads and harbours were built with money supplied by European investors. After a while a change occurred in the flow of emigrants. Fewer came from Europe A and far more from Europe B—Poles and Italians and Rumanians and Balkan Slavs. Europe A was then providing money and machinery ; Europe B was providing men.

This, of course, is the compression of decades of history into a paragraph, but it indicates sufficiently the trend of the argument. But that is not the end of the story. In some countries, notably the United States, agricultural machinery, clothing, furniture, soon came to be produced on the spot, and Europe A found its profitable export business in those commodities drying up. Europe B continued to export men, but now that process too is largely curtailed, for the United States and Canada have so far restricted immigration, and limited what they do still permit of it to inhabitants of Europe A, that Europe B has to keep its population at home. It may be replied that there are other

outlets in the world, both for surplus population and for surplus capital, than are provided by the northern half of the American continent. That is true enough. There are many, but M. Delaisi, after examining them individually, reaches the conclusion that the world's possibilities are pretty nearly exhausted, and that Europe A will find that the best field for its investments and the best market for its goods lies at its very doors, in the territories representing Europe B. There is no need to accept his argument at every point. It may well be, for example, that he underrates the ultimate potentiality of the vast Chinese market. But the general conclusion, that it would abundantly pay Europe A to devote itself to exploiting Europe B, compels consideration in any serious examination of the future of Europe.

To explore the possibilities of this conception fully would involve a more detailed study of conditions in eastern Europe than is possible here. Such a study is the more necessary in view of the changes in the character of agriculture in most eastern European countries since the war. In Czechoslovakia, in Rumania, in parts of Poland, in Jugoslavia, great estates have been broken up and the land given in small parcels

to the peasant. One competent authority¹ has estimated that as a consequence 100 million peasants have become owners of their land. The change may have valuable social results but it does not improve the yield of the soil. Quite the contrary, and for obvious reasons. In the case of cereals large-scale farming is far more efficient than cultivation in small holdings, and quite apart from that the new peasant-proprietor too often found himself with simply a patch of land to call his own, and possibly some sort of hovel to live in, but no stock, no draught animals, no ploughs, no tractors, nothing to spend on repairs or development, no spare money for the ordinary daily necessities of life. Russia has aims of its own and methods of its own, but at any rate cultivation is taken seriously in that country, and what has been happening there is instructive. The estates were broken up, millions of peasant holdings were created, the total yield of the land dropped catastrophically as a consequence, and now, through the creation of the collective farms and the State farms, the whole process has been reversed, with results that so far as yield goes are relatively satisfactory. The economic consequences of the change cannot be assessed

¹ M. Dannie Heineman in a preface to *Les Deux Europes*.

without a good deal more information than is available at present as to costs and returns, and as things stand in Russia to-day neither the one nor the other is computed on a normal basis. As to the conditions of the workers there is some conflict of evidence, but they are pretty certainly better than those of peasants left to fend for themselves and make what they can of their new independence.

The break-up of the great estates in Russia, in other words, resulted in an individualism carried much too far for efficiency, and corrected subsequently with more or less success by a forced return to farming on the original scale. And what is true of Russia is true of practically the whole of Europe B. The peasant, lacking enough capital to enable him even to struggle miserably on from harvest to harvest, has fallen by the hundred thousand into the moneylender's hands. His farm, such as it is, is mortgaged; his harvest even before it is sown has such charges on it that the margin remaining represents barely sufficient pittance to keep life together, and the rates of interest charged run (so, at least, M. Briand declared at a meeting of the European Commission at Geneva) to anything up to 25 per cent. and sometimes more.

Something, it seems obvious, can be done for Europe as a whole if something can be done for the peasant in the east. Even if Russia is left out of account (and there is no reason why it should be permanently) the peasants of Finland and the Baltic States, Poland and Rumania and Jugoslavia and Hungary and the Balkans number not less than seventy or eighty millions. That represents a vast potential market for the products of the industrial countries—if only the peasants can somehow be endowed with purchasing-power. It is clear enough how they would use it if they had it. They would first of all perhaps improve their stock, they would spend something on fencing their land, they would replace their often primitive tools by something modern and serviceable, they would form small co-operative groups for the purchase of tractors and threshers, and other pieces of mechanism too expensive for the individual to buy. Then their personal needs would begin to be satisfied. They themselves and their families would get better clothes and better boots, they would improve their usually miserable cottages, they might even invest in little luxuries like wireless sets. All this would mean in bulk heavy orders for industrial

Europe and a marked access of prosperity there.

But all of it is dependent on one preliminary condition. The eastern Europe peasant must somehow acquire power to buy. He can only do that in the first instance by acquiring the power to borrow, not at the ruinous rates charged by the moneylender but at reasonable interest, perhaps 7 per cent., which he can meet regularly, paying off the capital gradually at the same time. That is perfectly possible, so possible that plans on these lines will almost certainly be carried through, though for the moment they are hanging fire. Europe, indeed, in a panic of depression, is suffering from a shortsightedness that blinds it to its own obvious interests. In 1930 plans for an International Agricultural Mortgage Credit Company were framed at Geneva. Its purpose was to raise a fund out of which agricultural institutes in each country could lend to peasants on the security of first mortgages on their farms. Every one praised the scheme. The contributions needed from governments—only in the form of temporary guarantees—were relatively small (Great Britain would have been called on for £120,000, and the countries that would benefit spend £15,000,000 per annum

on British goods¹), and the value of the loan system to agrarian Europe great. Some twenty nations immediately signed the convention bringing the mortgage company into being. It was hoped that the company would be actually at work by the autumn of 1931. Yet by December of that year only one State, Greece, had followed up its signature by ratification. But the idea embodied in the Geneva scheme is too sound to be dropped, and it can hardly be doubted that in one form or another it will soon be carried into effect.

Go back now for a moment to the conception of a predominantly agricultural Europe as contrasted with a predominantly industrial Europe, remembering, of course, all the time that there can be really no clear-cut line of division between the two. What may broadly be called the agricultural area of the Continent has double the area of the industrial, but its yield per acre is only half that of the agricultural parts of industrial Europe. There are more reasons than one for that, but the main reason is the access of the western farmer to capital that enables him to equip himself with the latest and best

¹ Figures given by the Foreign Secretary in the House of Commons, June 17, 1931.

machinery, the proximity of markets, and the encouragement an efficient system of transport gives. The farmer in eastern Europe enjoys none of these advantages to-day, but there is no reason why he should be permanently debarred from them. Capital is completely international, and given political stability and a prospect of good returns it can as readily be obtained for building railways in Ruthenia or Transylvania as for opening up mines in Bolivia or Manitoba, and farm-loans can be arranged quickly enough once it becomes tolerably certain that interest at a fair rate and repayment within a reasonable period can be counted on.

But the market remains a difficulty. The agrarian countries of eastern Europe need an outlet for their products and the natural purchasers are the consuming countries of western Europe. But those countries have developed the habit of supplying their needs mainly overseas. Most of them are not large importers of cereals—Great Britain being a conspicuous exception—and they get what they want more cheaply from Canada and the United States and the Argentine than they can get it from Hungary or Rumania. Have they any inducement to depart from

the rule of buying in the cheapest market? Eastern Europe thinks they have. "Give us a small preference," says eastern Europe to the industrial countries, "on our cereals, so that a steady market is assured us, and you will have put us at last on a firm economic basis. Then we shall become your customers. We shall buy from you ploughs and binders and reapers, waggons and tractors, machinery for our mills, rolling-stock and rails for new railways, motor-buses, artificial manures, decent boots and clothing that we are too poor to afford to-day. What we want to sell you represents only 15 per cent. of your normal imports, so that overseas countries would still be sending in 85 per cent. of what they are sending now."

It looked recently as if that appeal had made an impression. The agrarian conferences of 1930, at Sinaia, at Bucharest and at Warsaw, brought the needs of agricultural Europe before industrial Europe almost for the first time in any definite form, and the projects formulated at Warsaw were laid before a larger audience at the League Assembly the same year. There they met in some quarters with a sympathetic and in others with a critical reception. France, Germany and Italy were all, as importing

countries, ready to do what they reasonably could, but the overseas members of the League, mainly British Dominions like Canada and Australia and South Africa, pointed out not unjustly that while Europe was quite entitled to make what arrangements it chose regarding itself, they could hardly be expected to go so far as to give their blessing to a scheme which would put their own wheat at a disadvantage in competition with eastern European wheat.

That was recognised, but there was no reason why individual consuming countries should not make special arrangements with individual producing countries. Or rather, there was only one reason. That was the existence of commercial treaties containing the most-favoured-nation clause. If Germany, for example, wanted to make special terms, *i.e.* a reduction of her normal tariff, for wheat from some eastern European country, she would be faced with the difficulty that any country with whom she had a most-favoured-nation clause treaty could claim that the reduced duty should apply to her wheat too. Such a claim might mean that the European countries would lose their advantage before it ever came into force. That, in fact, is exactly what has happened.

Germany made agreements giving a preference to Hungary and Rumania, and invited countries which had most-favoured-nation clause treaties with her to waive their rights under those treaties in this particular instance. Most of them did, but two or three, notably the Argentine, declined. The project consequently failed to mature. Under the agreement with Hungary, Hungarian wheat, up to a limited quantity, was to be admitted into Germany at 75 per cent. of the normal duty, Germany exacting no *quid pro quo*, but reserving the right to extend the same privilege to other agricultural countries in eastern Europe.

That particular door therefore is temporarily closed, but it need not remain closed for ever. Western Europe has too much interest in finding markets for its wares to allow a potential market a few hundred miles off to go undeveloped. The story of how that same western Europe developed Canada and the United States (a story told admirably by M. Delaisi in *Les Deux Europees*), lending money for building railroads, but in fact keeping most of the money at home to pay for the rails and the locomotives and the rolling-stock ; lending money to found banks to finance the farmer, who borrowed to pay

for tools and machinery made in European factories with European labour; lending money for ships, built in European shipyards, to carry the products of the new farm-lands back to Europe—that story does suggest that western Europe, actuated by no higher motive than self-interest, but in fact serving equally, or more than equally, the interests of the eastern half of the continent, might at any rate explore the possibility of developing the soil of Europe as it so successfully and so beneficially developed the soil of America a couple of generations ago.

That raises various problems. There is a good deal of ground to cover between the investor in Paris or London or Amsterdam and the peasant in his wooden hovel on the Polish steppes. Large-scale organisation is needed. The financial side may be simple enough. Approved land-banks or mortgage-institutes can raise capital directly or indirectly from the western financial centres and lend it on reasonable terms and with proper safeguards to the peasant, who if he has found in the past, as he usually has somehow, the exorbitant interest demanded by the local moneylender, will not default on the more moderate payments due to the land-bank. But if wheat or other grain-crops are to be

grown, as they can and should be, the unit cannot be the individual peasant's holding. There must be co-operation in planning crops as well as in ploughing and reaping and threshing, and brains as well as the will to co-operate are needed for that. It can be done, but it will not do itself, and since external assistance is likely to work badly the governments of the countries concerned will need to treat agricultural development as a major problem.

But the agricultural development of eastern Europe with the object of creating a market there for western European goods means almost certainly some form of preference for European cereals over American or Australian cereals. That, in fact, is under discussion now, and some of the western countries, such as France and Germany, have approved the principle and attempted to conclude agreements on that basis, only to find themselves, as already mentioned, held up by the most-favoured-nation clauses in their commercial treaties. That difficulty can be surmounted if it seems to be worth while to surmount it. But what definite aim is Europe to set before it? With distances shrinking and transport getting speedier every day it might seem that the only

possible economic unit for reasonable beings was the world as a whole, and that attempts to concentrate on the internal trade relations of a single continent were almost as retrograde a step as concentration on the internal trade relations of a single country. But the tariff policies of countries like the United States are a major factor in the problem. If that great country is bent equally on selling her wheat to Europe and on keeping European products out by an almost prohibitive tariff may it not pay Europe better to develop profitable exchanges within her own frontiers, even if her wheat-consuming countries have to give her wheat-producers a small preference and pay a little more for the product than they would for the grain of Minnesota or Manitoba? It is not a mere question of reciprocity, but of creating a new market. At present America sells to Europe and has the power but not the will to reciprocate. Eastern Europe wants to sell and has the will to reciprocate but not the power. It may be well worth western Europe's while to give her the power, even at some small sacrifice (in the form of a rise in the cost of bread) to itself.

There the subject must be left, for to follow all its logical conclusions would mean too great a digression. The home grower,

excessively protected to-day in a country like Germany, would object as strongly to imports of European as to imports of overseas grain, and the question of how far to yield to his exigencies would involve important political decisions in each country. Wheat, moreover, is only one among many agricultural products of almost equal importance. There are the other grains, particularly rye and barley, there is meat, particularly pork and bacon, there are potatoes and eggs (Poland claims to-day to be the greatest egg exporter in the world). If, as result of M. Briand's proposals or from other causes, Europe takes the deliberate decision to foster trade within the continent at some sacrifice of trade outside it, considerable changes, likely on the whole to be changes for the better, will result. Great Britain's attitude towards any such tendency will be difficult to define, for it runs definitely counter to the projects of Imperial Preference, which seem nearer to some form of realisation to-day than ever before. On the other hand, if new demands are to be created in eastern Europe, Britain can ill afford to lose the opportunity of supplying them, as it may do if a system of European reciprocity is built up and Great Britain decides to stand outside it.

One further aspect of the question may be noted. If Europe is consciously to cater for its needs as a whole the mainly agricultural countries may be allowed to remain mainly agricultural, and in some parts of Europe the ceaseless flow from the country to the towns may be checked. So long as the national particularism rampant in Europe to-day prevails, each country will endeavour to be as far as possible self-contained, the industrial countries protecting their agriculture and the agricultural artificially fostering uneconomic industries behind tariffs. The continent is abundantly industrialised to-day, and for the further development of industry at the expense of agriculture there is little to be said. But will men in any case stay on the land? Is the glamour of the town still to exert its compulsion everywhere? The question is an old one, but the answer may be different to-day from what it was, for the radio, the wireless, the telephone, the motor-bus, have given life in the village, and even to some extent in the isolated farm, a new content. Their effect on the psychology of the rural population deserves expert investigation.

One final word. Over the whole of this question of the agricultural development of

eastern Europe, as over almost every question that can be asked regarding Europe at all, there impends the incalculable factor of Russia—Russia the greatest grain-grower in the continent, Russia bent on industrialising herself till she becomes self-sufficient. Will her programme be carried out? Will Russia so far isolate herself that Europe will end at her western frontier? Will she co-operate with the rest of the continent in its attempts to hold a balance between industry and agriculture, production and consumption? Will she simply stand aloof? Or will she by cut-throat competition, in the grain-markets particularly, perpetually impede the adjustments the rest of Europe is trying to make? Those questions can only be asked, as reminders of the uncertainty Russia imports into the situation. If in the end she should choose to co-operate she holds strong bargaining counters in her hands, the strongest being not her wheat but her oil. But speculations as to Russia's external policy are idle to-day. The doctrinaire and the empiric are in conflict and the issue is beyond prediction.

CHAPTER VI

DEMOCRACY, OR —

IN another sphere Russia poses the great interrogation. Is Bolshevism to spread westward from Moscow? It is better perhaps to speak of Communism, though with the reservation that what passes under that name is not necessarily the same thing in Prague and Berlin and Madrid. Not much is heard of Communism in Great Britain, but it is worth noting that in the last Parliament in Czechoslovakia the Communists formed the largest single party (they have dropped to fourth place in the present one, with 20 seats out of 200) and that in the German Reichstag they hold 77 seats out of 577. In other countries they would secure considerably more seats than they do if the elections were free. This does not suggest that Communism is so far a serious menace, and so far, outside Russia, it is not. But if economic conditions in Europe get worse Communism will undoubtedly grow, for its banner is a rallying-point for every kind of discontent,

and economic discontent most of all. The growth of Communism and the growth of Nationalism in Germany is a double portent, a reflection on a national scale of the portent provided by the simultaneous rise of Bolshevism and Fascism in Europe. Between the conceptions of Lenin and of Mussolini there are strange parallels, though the former embodies a preconceived doctrine, the latter an experiment out of which doctrine has developed. In both the nationalistic appeal is developed to the utmost—in Russia's case more as the result of external hostility than of deliberate intention. Fascism, its principal exponents declare, has been devised to meet Italy's peculiar need. It never was intended for export. Bolshevism undoubtedly was and is, though, like other exports, it is finding some difficulty in getting across the frontier at present.

But political tendencies in particular countries are only of importance for present purposes so far as they throw light on political tendencies in Europe as a whole. And neither Bolshevism nor Fascism goes far in that direction. Nor does any other factor. There is no definite political tendency in Europe as a whole. The war, of course, brought great changes. Monarchy

went largely out of fashion. Germany and Austria became republics, and of the new States that came into existence all except Jugoslavia, if that enlargement of Serbia is to rank as new, set up republican governments. (Albania is a monarchy, but Albania existed before the war.) A little later dictatorships came in. They could not be defined with precision, for some dictators, like Marshal Pilsudski in Poland, maintained the constitutional forms as cloak for their absolutism. But it was usual to include in the list the administrations of Mussolini in Italy, Pilsudski in Poland, Primo de Rivera in Spain, Mustapha Kemal in Turkey, Pangalos in Greece, Valdemaras in Lithuania, Bratiano in Rumania, King Alexander in Jugoslavia. Not all of these were contemporaneous, but all of them were covered by the ten years 1920-30. The position at the end of 1931 shows a considerable change. Russia and Turkey may be neglected, as being in neither case exclusively European. Of the rest, Spain has established a strictly democratic régime, though its durability has still to be demonstrated. So have Greece, and, in a lesser degree, Rumania. Jugoslavia has elected a Parliament, though the elections were so far "managed" that the King can

no doubt retain the reality of control without the full appearance of it. Nevertheless, his action in holding the election is evidence of a disposition to return to democratic forms. Valdemaras has disappeared in Lithuania, and Count Bethlen, so long Prime Minister of Hungary that he might almost rank among the dictators, is now out of office. There remain Mussolini and Pilsudski. The future of Fascism is a matter of much interest and much uncertainty. Some signs of a reversion to constitutional forms (such as Signor Mussolini's resignation of five of the seven portfolios he had held in his single person) have been visible, but there is little indication of the return of normal democratic institutions in Italy at present. In Poland the form of government is purely personal and it is improbable that Marshal Pilsudski will have any successor in the dictatorship.

There is, in short, no great substance in the claim that democratic government in Europe is obsolescent. It exists in Great Britain, in France, in Spain, in the Scandinavian countries and Switzerland, in Holland and Belgium, in Austria and Hungary, and amid a good many vicissitudes in the Balkans. A distinction ought perhaps to be made between democratic and parliamentary

government, for parliamentary forms can be maintained when, as the result of "made" elections, democracy is denied its proper expression. That is true of more than one country mentioned in the list just given. From that list Germany has been omitted. Parliamentary government there is at a crisis, and resort has so frequently been had to legislation by Presidential decree (reaching its climax in December 1931) that normal democratic institutions cannot be said to be in full operation. There is, moreover, the prospect of the early accession of the National Socialists under Herr Adolf Hitler to office. If that happens, as it well may have before these words are published, will that portend the downfall of democracy in Germany? It is perhaps rash to put a question to which events may so soon provide an answer. But at the moment it does not seem to portend that. Hitlerism is sometimes referred to as though it were merely a German form of Fascism. Up to the present at any rate, Herr Hitler has taken his stand definitely on constitutional methods. His very success at the polls, both at the Reichstag elections of 1930 and at the various State elections since, provide the best of reasons why he should make full use of machinery that has

served him so well. Irregular armed forces, like the Stalhelm in Germany and the Heimwehr in Austria (opposed by the Socialist Reichsbanner and Schutzbund, respectively), can be used for purposes of intimidation, and as such they constitute a grave threat to democratic government, but in spite of his association with the Stalhelm Herr Hitler shows more signs of supporting than of overthrowing Parliamentary government in Germany. He is aiming at a majority in the Reichstag, and if he secures that it will give him the power he needs and enable him to govern with less opposition than if he threw over Parliamentary forms altogether and left his opponents with nothing but unconstitutional weapons to fight him with. The alternative possibility—the acceptance by Hitler of a place in a coalition government—would be a definite vindication of constitutionalism.

But in Germany, as in half a dozen other countries of Europe, the economic factor will determine the future of government. A financial crisis, with banks unable to meet their obligations and employers¹ unable to

¹ Or even great cities. Not only European municipalities, but bodies like the City Councils of Philadelphia and Chicago found themselves in that position at the end of 1931.

pay their men, will mean the collapse of ordered government, and in some cases at any rate some form of dictatorship endeavouring to control events that in fact will have taken control themselves. What that may lead to is beyond prediction. All that can be said at all about forms of government in Europe is that if by the exercise of a wisdom and realism of which there is too little evidence to-day, the political leaders in the different countries do somehow reach practical agreements over debts and reparations and tariffs, then the crisis may be staved off and the countries of Europe continue on their present roads. In that case there seems reason to anticipate that over the greater part of the continent what is commonly called democratic government will continue.

One factor that ought to serve as index to the future of democracy is the progress of organised Socialism in the different European countries. Socialism and democracy are not synonymous, but Socialism involves democracy if democracy does not necessarily involve Socialism. If, therefore, Socialism in Europe is steadily growing it is safe to regard democracy as established. But, in fact, it is not steadily growing. The political Socialist parties hold strong positions in

Great Britain and France, Germany and Belgium, Spain and Czechoslovakia, but not commanding positions. They are not, moreover, gaining substantially in strength. There have, it is true, been two Labour, or Socialist, Governments in Great Britain, but both of them were in a minority in the House of Commons, resting on the support of the Liberals. The Social-Democrats in Germany have helped to keep several coalition administrations in power, and in Prussia they have for some years been in office themselves, but their position is on the whole static. The French Socialists have been in opposition ever since the war and there is no immediate prospect of their being anything else. In some of the small countries, such as Belgium and Austria, they are stronger, but there is no ground for looking forward to the coming decade as the era of Socialism, if by that is to be understood Socialism as an organised political force. The spread of Socialist ideas is another matter. Indeed, the assimilation of Socialist doctrines by other schools of political thought everywhere has done as much as anything to retard the growth of Socialism as a separate political entity. So far as organised Socialism does influence national politics it is uniformly

a force making for the abolition of war, for Socialists put the international idea in the forefront, and in spite of memories of the support of war-credits by the bulk of the Socialists of all countries in 1914 it is true to say that Socialism means peace between nations, whatever views Socialists may hold on the subject of war between classes. And in the defence of democracy in Europe Socialism plays a leading, if not an increasingly effective, part.

And yet believers in democracy—government of the people by the people for the people—cannot feel altogether easy in days when the people can only express itself through a Parliamentary system, and the issues placed before it are so abstruse and so technical that only experts are really competent to pronounce on them. What does the expression of the popular will mean, and what can it claim to be worth, when the problems before the voter include such questions as currency policy (how many electors in Great Britain, one of the best educated countries in Europe, really understood what was involved in the appeal for “the defence of the pound” at the General Election of 1931), or tariff policy, or the exaction or abolition of reparations? In

such a situation democracy's exercise of its franchise must generally mean no more than registering a choice between two (or more) rival sets of rulers. And there are alternative ways of selecting rulers. Italy has devised another way than democracy, and, as very many Italians would claim, a better. At any rate Fascism works. It produces in many fields an efficiency unknown before its advent. May it not be true after all that "whate'er is best administered is best"?

To that question Europe as a whole unhesitatingly answers "No." Good administration means much, but the right to choose a government, which involves the right to change a government, is far too highly estimated a possession to be surrendered. The nations of Europe that enjoy it will hold to it. Those that do not will strive constantly, and in the end successfully, for it. Government imposed from above (it will have been noted that the reference a few lines back to an Italy which had "selected" her present rulers was inexact; they, in fact, imposed themselves, with the help of an organised and resolute minority) and resting on no broad basis, sometimes no basis at all, of popular approval, must be a government maintained in the last resort

by intimidation. Neither Communism in Russia nor Fascism in Italy can afford to tolerate opposition. A government is set up, and declared to have the popular will behind it because popular opposition to it dare not show its head. The *confino* in the Lipari Islands and the exile of Siberia or the Caucasus or Murmansk are evidence of that. Where there is (for good reasons) no open opposition general assent can be claimed with enough show of justice to pass muster. That system means necessarily that there is no visible alternative to the existing administration. There are no experienced politicians of rival parties ready to take office in their turn when a popular mandate gives them the opportunity—though there will in any case be no popular mandate, because the people is given no chance of overthrowing the administration in office constitutionally. The only way out, to all appearance, is by revolution.

But democracy and Parliamentarism are not the same thing, however inseparably they may be connected. We must get down to something a little more elemental. How far throughout Europe is it recognised that all men are born free and equal? How far is the inalienable right of every man to life,

liberty and the pursuit of happiness admitted? How far has the battle for equality against privilege, of freedom of conscience against religious or political intolerance, been won, and where has it still to be waged yet? "To proclaim and to practise the equality of all citizens," wrote President Masaryk in *The Making of a State*, with the making of his own young republic in mind, "to recognise that all are free, to uphold inwardly and outwardly the humane principle of fraternity, is as much a moral as a political innovation." If the names of European States where those ideals are far from being realised to-day—Russia and Italy, Hungary, Jugoslavia—leap to the mind, and it seems easy to believe that the tide is running against democracy, not with it, the corrective is to remember not merely what Europe is but what it was, what Turkish rule in the Balkans meant down to 1878, Russian rule over what is now Finland and Poland and the Baltic States down to 1914, the rule of the Dual Monarchy over its subject races to the same date. Democracy's battles are not won yet throughout Europe. A man may not work for Socialism in Italy or individualism in Russia. The day may be far distant when freedom of thought and

action is established in the Soviet Union. But there is more democracy, none the less, in Europe to-day than there was twenty years ago.

And democracy, with all its defects, will survive in Europe. It meets the needs of most European countries, and will meet the needs of more, better than any alternative of which they have experience. It answers the elemental claim of every man capable of understanding anything of the society in which he lives to have some voice in the government of himself and his fellows. He may not want to change his masters, but he claims the right to change them if he chooses. The ear of democracy, of course, is far too easily caught by the first fluent windbag with wares to peddle. ("Democracy has to find means of turning semi-education into education," to quote Masaryk again.) A false patriotism and a narrow nationalism is inculcated with fatal ease. A cheap Press has numberless sins to answer for. Statesmen with a vision that can range beyond their country's frontiers, and grasp the great international tendencies that involve their own State with the rest, are compelled too often to see the way of salvation and refrain from following it because the mass of their country-

men, from whom their authority derives, will tolerate no leader prepared to accept the least encroachment on national sovereignty, or willing to expose some sheltered industry to freer competition for the benefit of world trade as a whole. The autocratic ruler is hampered by no such obstacles as that. He can act as he chooses. But in actual fact, to retain his power, he is usually compelled to be so intensely nationalistic that he will rarely be disposed to consider any interests but his own country's.

But since the authority of the Church in temporal matters has decayed there is no enduring sanction for government but the people's will. Democracy means the investiture of the people with power, or rather the assertion by the people of the power inherent in it. That power, once realised, will not be renounced, in spite of the temporary and limited emergence of autocracy, as lately in Spain and still in Italy. And Fascism, in the course of its evolution, may yet prove to be compatible with democracy. In Europe to-day, therefore, democracy, for lack of any other effective alternative to take its place, and because it responds to the people's instinctive sense of right and justice, promises to endure. The task of

the future is to carry the democratic spirit beyond national frontiers and apply it in the relationships of State with State, not in Europe only but throughout the world. The League of Nations is in fact a democratic organisation of States, and it is noteworthy that in Europe alone of all the continents every State (with the exception of semi-Asiatic Russia and mainly Asiatic Turkey) is a member of the League.

CHAPTER VII

EUROPE AS IT MIGHT BE

To sketch in outline an imaginary picture of Europe as it might be in 1940 is not simply an exercise in the rather barren diversion of prediction. It is not indeed prediction at all. To suggest what Europe might be in 1940 is very likely to suggest something totally different from what it will be. But when we have finished analysing the ills of Europe, assessing the disabilities the provisions of the Peace Treaties have imposed, computing the handicaps to international trade involved in the mad economic nationalisms of Europe, it may at the end of it all be worth while to co-ordinate these conclusions and see what Europe would be like if some superhuman reviser and composer could have his will with the continent, not as the result of any miracle but simply by prevailing on intrinsically rational nations to act rationally. He would, no doubt, order it in accordance with his own predilections, and what were his might be no one else's.

But his efforts would be at least worth observing even if they could not be considered worth applauding.

His Europe would, to sum up most of his efforts in a sentence, be a Europe in which frontiers had become largely immaterial. A few would have been changed where that would secure the greatest good of the greatest number without creating any new and considerable injustice. Examples of this need not be multiplied. Hungary would gain something territorially, for Czechoslovakia, inspired by the far-sighted wisdom of Masaryk and Benes, would have consented to vary the frontier-lines so as to give the Hungarians at any rate the Grosse Schutt—the stretch of land which the dividing Danube turns into an island. Bulgaria would have her access to the Ægean, either, like Jugoslavia, at Salonika or at Dedeagatch or some other port of Western Thrace. Cyprus would long since have gone to Greece, probably under a League of Nations mandate, prohibiting fortifications and securing the rights of the Moslem minorities.

The only other important changes of frontier would concern the Polish Corridor and the Southern Tyrol. The allocation of the Corridor to Poland in 1919 can perfectly

well be defended. Its retention by Poland in 1931 is more defensible still, for owing to inevitable migrations the population of the Corridor is more predominantly Polish, or (to avoid the necessity of discussing the precise racial affiliations of the Kashubes, who figure largely there) less German, than it was twelve years ago. And the development by Poland of the port of Gdynia on the strip of coast at the northern end of the Corridor provides an additional reason why Poland should have direct access to the Baltic. But it is as well to be realist—as well for Poland herself to be realist—and recognise that the bisection of Germany by a ribbon of Polish soil separating the mass of the Reich from Danzig and East Prussia is keeping alive in the breast of every German feelings of hostility to Poland that make impossible that normal relationship which is at least as much to Poland's interest as to Germany's. It would pay Poland well to secure Germany's friendship by consenting to some adjustments in the Corridor area.

That need not mean returning the Corridor to Germany. Such a solution, of course, is not excluded. There are many ways of changing frontiers peacefully. Territory can be bought, as the United States bought

Louisiana a century ago, Alaska more recently, and the Virgin Islands quite lately. It can be given away, as Great Britain gave the Ionian Islands to Greece. It can be exchanged, as Heligoland was once bartered for Zanzibar. But there are two objections to the simple plain restoration of the Corridor to German sovereignty. It would mean putting a non-German population under German rule, and it would cut off Poland from the Baltic, and in particular from her port of Gdynia, as East Prussia is cut off from the rest of Germany to-day.

Some other arrangement therefore would have had to be devised, and it would have taken shape by 1940 in the expansion of the area of the Free City of Danzig (which is by no means merely a city but includes a quite substantial agricultural hinterland) and some modification of its constitution, so as to make a broad neutral, or international, zone stretching from the eastern frontier of West Prussia to the western frontier of East Prussia, and with its southern boundary following roughly the line of latitude touched by the southernmost point of Danzig territory to-day.

No arrangement of this kind can be all advantage, and one obvious condition would

be that Poland would have to consent to a fragment of her territory, *i.e.* the northern end of the Corridor, passing not under a German but under an international régime. For the Free Territory, as it may for convenience be called, would be largely autonomous, like Danzig to-day, but Germany, Poland and the League of Nations would all have some direct association with its government. The League would be the final arbiter in case of internal or external difficulties, as it is in the case of Danzig now.

The theoretical advantages of the arrangement are clear. Germany would be separated from East Prussia not by a strip of Poland but by a Free Territory as much German as Polish. Poland would be separated from the sea not by a strip of Germany, as she would be if the Corridor went back to Germany, but by a Free Territory as much Polish as German. At the same time the rival ports of Danzig and Gdynia would come under the same jurisdiction. That would not in itself end the competition between them, but at any rate it would make co-ordination easier, and there will be no harmony in that region till there is some reasonable and intelligent and equit-

able division between Danzig and Gdynia of a volume of traffic which, properly allocated, is quite sufficient to keep both ports well occupied. There would still be a spirit of competition, but it would be less a rivalry of German and Pole than it is to-day.

This is not the only possible solution of the Corridor problem. But on the whole it seems the most practical, for Germany would get a bridge to East Prussia without passing through Polish territory and Poland a bridge to the sea without passing through German. It would mean that Poland would allow a small patch of her territory to be internationalised, but that would pay her well if she could secure German goodwill thereby. It would indeed be reasonable for Germany, in return for this arrangement, to confirm voluntarily the rest of her existing eastern frontier as she confirmed her western at Locarno. Germany on her part would be relinquishing definitely her hopes of the re-annexation of the Corridor, but there is no prospect whatever of that ambition being realised except in the unlikely event of the dissolution of Poland or as result of another European war. Both Poland and Germany would no doubt begin by rejecting this

solution at sight, but by 1940 mature reflection may do its work.

Mention of a possible European war raises the fundamental question of whether peace is to prevail—apart from localised outbreaks—between now and 1940. Either peace or war must be assumed, and there are three good reasons for assuming peace. First of all the theory on which this chapter rests is that rational nations should have somehow been prevailed on to act rationally—and rational nations acting rationally do not go to war. Secondly, another European war would so utterly shatter the fabric of European life that it would be idle even to attempt imagining what might come after it. Thirdly, it is on the whole reasonable to believe that the League of Nations will gradually increase its authority in Europe, whatever it may do in the rest of the world. The European Commission which originated in M. Briand's proposals in 1929 has only made halting progress so far, but it does stand for an idea all the same, and that idea will gradually develop and have cohesive effects. It may have developed a good deal by 1940. The reign of law has gone some way towards establishing itself in Europe already. Twenty-five European States have accepted

the compulsory jurisdiction of the Permanent Court of International Justice in all legal disputes, and the acceptance of the General Act, providing definite machinery for the peaceful settlement of all other differences, is steadily spreading. And behind these instruments are the more general but equally compelling obligations of the League Covenant and the Kellogg Pact. Peace in Europe will therefore be assumed here, not because there is any lack of causes of war, but because other methods are now becoming normal for the settlement of difficulties that in earlier days inevitably meant war.

The assurance of peace—when the renunciation of war as an instrument of national policy is so generally and genuinely accepted that not merely writers of textbooks but responsible European governments can regard war as superseded—means that strategic frontiers become purposeless. That removes Italy's only justification, so far as it can be considered a justification, for the retention of the Southern Tyrol; and in the Europe as it might be, the Europe as it should be, that territory would revert to Austria, which by that time might be member either of an Austro-German or alternatively of a Danubian Confederation.

Apart from the Polish Corridor and the Southern Tyrol, some readjustments for Hungary's benefit, and possibly a Polish-Lithuanian federation on the lines laid down by M. Hymans in 1921 to facilitate the solution of the Vilna problem, there is no reason why frontiers in Europe should be altered. For it is an essential feature of Europe as it might be in 1940 that frontiers should have lost their importance. They will still distinguish—nationalism in the best sense, so far from being obliterated, will have gained full scope for free development—but they will no longer divide. They may, indeed, distinguish rather less than they do now, for when every man enjoys, as part of the rights freely conceded to minorities, freedom to speak in whatever tongue he chooses, language, which so sharply distinguishes nation from nation to-day, will be increasingly a bond across which frontiers cut unnoticed. It must be possible, for example, for the German-speaking population in Poland to be as Polish as the German-speaking population in Switzerland is Swiss, or as the Germans in Czechoslovakia are becoming Czechoslovakian.

That is going to be one of the touchstones of the Europe of 1940. With strategic

frontiers obsolescent, the two factors that keep the frontier question prominent are minorities and tariffs. If it were possible to hope that Hungarians in Rumania would be as secure in all rights that make for the legitimate enjoyment of life as Hungarians in Hungary, then it would matter relatively little—it would at any rate matter much less than it does to-day—precisely where the frontier between Rumania and Hungary ran. And it would matter much less still if in addition tariffs were kept sufficiently low and sufficiently stable, and customs formalities were sufficiently simplified, for trade to flow freely in both directions with no more than a moderate advantage to the home producer, instead of the shelter he gets to-day behind a prohibitive barrier against imports.

These factors must be considered separately, though something has been said of both already. The rights of minorities do not need defining. That was done long ago in the minority treaties framed in 1919, and minorities themselves ask no more than the execution of those treaties in spirit and in letter. Minorities are to enjoy the right to use their own language, the right, where there is a group of them of sufficient size, to

State schools where their children can be taught in that language, and the right to worship according to their own desire and conscience. Subject to that they are expected, so long as they remain in the country to which they were transferred by treaty (and they are always free to leave it), to behave as loyal and law-abiding citizens.

The Europe of 1940, let it be recalled, is *ex hypothesi* a continent in which rational people behave rationally. The rights of minorities will therefore be freely recognised by rational governments, and minorities, themselves rational, will give what is required of them in return. What is more, the recognition of minorities' rights will not be confined to the States on which minority treaties were imposed (against their will) in 1919 and 1920. Countries like Italy and Germany and France will give to any genuine minority that asks for it the same rights as are exacted from Poland and Rumania and Jugoslavia. There is no reason ethically (though there was some politically) why Poles in Germany should not enjoy the same statutory protection as Germans in Poland.

What will be the end of that? Are minorities to be indefinitely perpetuated as alien elements within the fabric of a settled

State? Or will there be a steady process of assimilation under which the minorities as separate and self-conscious entities will dwindle gradually to nothing? And which process is on broad grounds the more desirable? Before deciding between the two it may be worth briefly considering a third possibility. There are certain States where the minorities form only a small proportion of the population. There are others, such as Czechoslovakia and Poland, where they are so numerous as to suggest that a federal solution may be desirable. In Czechoslovakia, with 3,000,000 Germans and 750,000 Magyars included in its population of 13,000,000, some steps in that direction have been taken, and in Poland, with her large minority population of Germans, Ruthenians and White Russians, a like development might be desirable. Switzerland provides a tempting analogy, but the Swiss Confederation, it must be remembered, is the outcome of centuries of effort and struggle. Such a constitution is not to be built up and put in operation in a day, or even in a dozen years.

As between assimilation and perpetuation no clear choice can be made. In some cases the one process will be preferable, in others

the other. The most successful minority State in the world is Canada, with her large French-speaking population in Quebec, differing in language, in religion and in race from most of the rest of the Dominion, yet intensely loyal to the whole of which it forms a minor, though considerable, part. But if wisdom and toleration on the part of the majority is the chief reason for that there is another contributory cause of some importance. The minority is French, and France is three thousand miles away across the Atlantic. There is, therefore, completely absent the disturbing factor so often fatal in Europe to peaceful relations between minorities and the government they live under. While Germans in Poland centre all their hopes on Berlin, not Warsaw, and Berlin is more concerned that Germans in Silesia and Posen should be discontented with Polish citizenship than contented, minority difficulties will remain unsettled and frontiers will still be barriers against which some thirty millions of European minorities rail. It is the existence of a mass of sympathy and stimulus just across the frontier that keeps minorities disturbed. But the Europe of 1940 is a Europe as it might be, and it is not to be admitted that under no con-

ditions can minorities be contented and loyal. So far, unfortunately, there is only one of the new States, Estonia (incidentally, the smallest of them all), of which it can be said with any confidence that that is already happening, but the basis of success in Estonia is the basis which alone can produce success anywhere. The fullest cultural freedom is conceded to minorities—in this case German—and they are at perfect liberty to remain a distinct cultural entity. On the other side they undertake that their minority organisations shall have no political character and they lend themselves to no political influence of any kind from outside.

What can happen in Estonia can happen elsewhere, even though in this particular case the ground is specially favourable for a minority entente. Not, of course, that this model will be followed everywhere. In some countries minorities will retain their separate identity. In others they will gradually and unresistingly merge themselves in the general population. That will depend partly on their numbers—where a minority is small it will naturally be more easily absorbed; partly on whether the minority is of the same religious faith as the majority or not; partly on the attitude of the

government—for oppression tends inevitably to increase a minority's self-consciousness, whereas toleration leaves it free to intermingle, and in particular to intermarry, with the rest of the population, and the lines between minority and majority can gradually become blurred.

Minority problems in Europe as a whole are slowly becoming less acute, but only slowly. Minorities probably form a slightly smaller proportion of the population than they did ten years ago, for while they gain next to no accretion by voluntary immigration individuals tend when they can to get back to the land of their original nationality and settle there among their own stock. But that slight diminution does not really affect the minority problem, which can be solved only by resolute goodwill and mutual understanding on both sides. There is no convincing reason why it should not be so solved by 1940.

If that should happen frontiers would divide and separate far less than they do to-day. Politically the division would still be there. The Germans of Posen and Silesia would be governed from Warsaw, not Berlin (though no doubt with fuller and more effective local autonomy than they enjoy

to-day), but a common culture would disregard the political frontiers altogether and the heritage of Goethe and Hegel would be as real in Danzig and Kattowitz as in Munich or Dresden. The more unreservedly a minority accepted its new political affinity the more ready, of course, would the majority be to let it seek its cultural affinities where it would.

But it is idle to imagine that frontiers can distinguish without dividing so long as they remain first and foremost economic barriers. Only if tariff wars are as definitely renounced as war in the more familiar sense can Europe become a society of friendly and peaceable States. Tariffs are like armaments. As long as they are being increased they breed hostility, suspicion and alarm. Like armaments they must be first limited, and then if possible reduced, by international agreement. That contention need not be stressed. Sufficient has been said already of the disastrous effect on European prosperity of the feverish attempts to Balkanise industry and keep out of each country's market goods that some other country is in a position to manufacture better or more cheaply. That cannot continue. Tariff wars make bad blood and bad balance-sheets. Trade itself

under such conditions becomes war, which is the precise antithesis of what trade rationally conducted should be.

Europe's renunciation of economic war will not be easy. The ablest experts she possesses have given her unanimous advice. Tariffs, she was warned in 1927, have been raised too high and the time has come to move in the opposite direction. The ultimate aim, she was told in 1930, is to make Europe a single market for the products of every country in it. But if high tariffs have brought ruin to Europe as a whole they have brought prosperity to a good many individual Europeans, and the harm a reduction of tariffs may do to an individual manufacturer can be demonstrated much more vividly than the benefit it will ultimately confer on the whole community. Ruritania may have put a tariff on flour, and so got unnecessary mills built when there were plenty already just across the frontier in Aquitania to meet all her needs, thus doubling potential output without any increase of demand. The millers in Aquitania may have been seriously injured and the people of Ruritania have to pay more for their flour, but it is going to be a great deal harder to get that tariff off than it was in the first instance to put it on.

But to suggest that tariffs cannot be lowered at all would be absurd. They can be both lowered and stabilised—for the uncertainty caused by constantly fluctuating tariffs is as detrimental as the dislocation caused by high tariffs. Bilateral commercial treaties between pairs of States are one method. International conferences fixing a maximum tariff in terms of gold on individual commodities (as in the League of Nations Convention on Hides and Bones in 1928) are another. A maximum use of the most-favoured-nation clause is a third (though it is beginning to be realised that one unfortunate effect of the clause is to prevent country A from giving better terms to country B, which lets A's goods in almost free, than to country C, which puts up a prohibitive tariff against them). And a fourth is the enlargement of small tariff units through the formation of customs unions between adjacent States. In the Europe of 1940 the hesitant and tentative efforts of to-day in that direction will have had practical results. Estonia and Latvia, Germany and Austria, may have united economically, a Danubian Confederation (perhaps including Austria and therefore separating her from Germany), a Balkan Union, may have taken definite shape, tariff

walls in Europe being thereby not indeed abolished but reduced substantially in number (and also, it may be hoped, in height) and larger units of production and consumption being substituted for the uneconomic sheep-pens of to-day.

That leaves us a long way from the United States of Europe of which so much was heard when M. Briand launched his project, which bore a superficial resemblance, but no more, to that conception. And the prospect is that Europe will in fact be still a long way from that by 1940. Even a European Customs Union, involving Free Trade within the continent, is outside all reasonable probability. Tariffs for revenue are essential, or firmly believed to be essential, to the national economy of many European States, and a tariff for revenue can be as much of an impediment to trade (except where it is precisely counterbalanced by an equal excise duty) as a tariff with definitely protective aims. If, moreover, tariffs are still to be levied at Europe's land and sea frontiers on the producers of other continents there must be brought into being a European Council with both legislative and administrative functions—legislative, involving the formidable task of deciding what the duties

shall be and how the proceeds shall be apportioned among the thirty States of Europe, and administrative because it can hardly be supposed that such complete mutual confidence would prevail that the inland States of the Continent would contentedly leave the frontier States to collect the duties and accept their account of them unchecked. There is no good reason for believing that the process of European Federation will have advanced that far by 1940.

Will there be by 1940 anything in the nature of a European international force for the protection of European States which in consideration of that guarantee have reduced their national armaments to the level necessary for the preservation of internal order? The idea is in many ways attractive, and it has been subject for sufficiently serious discussion for many years in France to remove it entirely from the realm of the fanciful and chimeric. But to canvass the probabilities of that development on the eve of the Disarmament Conference is purposeless. The Conference itself is not likely to bring any such project to realisation, but it might at least provide for investing the proposed Permanent Armaments Commission with additional powers (or even for the creation of some special

commission for the purpose) enabling the direction of common, military, or naval or air action against an aggressor to be concentrated at Geneva. That would at least be a pointer to the trend of European opinion, for such action would be more practical in Europe than anywhere else, and would never be considered unless a substantial number of European States approved of it. But even to discuss the desirability of such a step, much less its probability, would involve an excursion into regions lying too far outside the purview of this volume. It is sufficient to suggest that the normal development of the League of Nations (assuming that it does develop normally) implies logically the internationalisation of force and the complete subordination of national armaments maintained to serve national ends, and that development may be expected to progress more rapidly and more effectively in Europe than in other continents. But it by no means follows that progress will in fact be rapid even in Europe.

But there is a much broader form of internationalism to consider. In Europe as it might be—there is no great risk, indeed, in saying in Europe as it will be—international intercourse must steadily grow.

Whether it will as steadily result in the increase of mutual sympathy and understanding, in the breaking down of those barriers that divide countries, as opposed to the lines of demarcation that merely distinguish them, is less certain. But there is some danger of underrating what has been achieved in that respect since the war. International travel has enormously increased. Foreign languages are taught in the schools of all countries on a far larger scale than since 1914. As a consequence the books and newspapers of one country are read increasingly in others, both in translations (in the case of books) and in the original.

It by no means invariably follows that the more we learn of another country the better we like it. Germany and Poland are no better friends for their contiguity. But no good ever comes of misunderstandings, and the dissipation of misunderstanding due to ignorance is always beneficial. We see other people who think differently and act differently from ourselves (and therefore less wisely and less laudably) and we instinctively react against them. That is the first impulse. Fuller knowledge brings fuller comprehension of the springs and motives of their actions, and in consequence a larger tolerance, even

if the springs and motives seem wrong. And tolerance and war are at opposite poles.

Bolshevism and Fascism are cases in point. Every one in Great Britain, except for a handful of Communists and Labour left-wingers, started with a violent prejudice against the Bolsheviks and all their works. There was reason enough for that, no doubt. But there was reason too for considerable qualifications of such a judgment. The judgment was, in fact, considerably qualified as an understanding gradually spread of the conditions against which Bolshevism was a reaction, of the aims, some desirable, some not, the Bolsheviks set before them, and of the practical improvements the Bolshevik régime had effected in certain departments of the national life of Russia. The result is not indeed any general enthusiasm or admiration for the Russia of to-day—there is nothing in Russian life to encourage that—but at least a rational tolerance and a recognition, by no means confined to the parties of the Left, that two opposed political and social systems can co-exist not only in the same world but in the same continent.

Fascism has always had more sympathisers in Great Britain than Bolshevism, but they were a definite minority none the less. To

the average Englishman the Fascist régime, resting at first to all appearance on the fiat of a single individual who had originally made his reputation as a demagogue, was as alien as the Communism of Lenin and Trotsky. But time has done its work. Books have been written about Fascism. Articles about it appear constantly in the Press. The conditions against which Fascism was a reaction (in this the parallel with Bolshevism is exact) were apprehended, and the undoubted improvements effected by Signor Mussolini in public administration appreciated, with the result that while the average Englishman still retains an instinctive dislike of Fascism, and would welcome the restoration in Italy of the type of democratic government under which he lives himself, blind prejudice has disappeared, and there is a general disposition to recognise that the theory of the Fascist State, as of the Communist State, deserves study, even if neither of them can be held to deserve imitation.

If that is true of Bolshevism and Fascism it is much more true of the relations of the rest of the nations of Europe with one another. Men everywhere are increasingly entering into the mind and thought of other peoples. The further improvement of transport will

do something more in that direction, though less than is sometimes suggested, for it is only a negligible proportion of the population of any country that can profit by the most notable of transport developments, the increasing facilities for transcontinental air travel. The radio and the cinema can do far more, particularly the latter. The moving picture, on the face of it, can make Paris or Berlin no more real to the Englishman than Peking or Bulawayo. But in fact it does, for the Englishman knows more about Paris and Berlin to begin with, and new impressions that link on to existing knowledge are the most readily assimilated.

The radio is a more powerful universalising factor. The Londoner who sits by his fire and listens consecutively to Toulon and Trieste and Danzig and Bratislava subconsciously acquires a sense of the unity of Europe unattainable by the previous generation. At present, music, no doubt, must be the common medium, at any rate for the Englishman, with his lack of linguistic accomplishment. But to the educated citizen of most European countries either English or French or German programmes are becoming increasingly intelligible, which means a wide diffusion of the spoken word.

To put any precise value on such forces as these is admittedly difficult. But that they have some value, and a value that promises to increase, no one can seriously doubt. It is equally true that they will be worth much or little according as Englishmen and Spaniards, Poles and Czechoslovaks and the rest, sit idly receptive of impressions projected towards them from other countries, or recognise that the development of their own personalities and the consolidation of European unity alike demand from them as individuals some conscious effort for the broadening and deepening of international understanding—meaning by that the sympathetic comprehension by one nation of the aims and the difficulties, the mistakes and the achievements, of others.

To recapitulate and conclude. A Europe whose constituent States settle all their disputes by peaceful procedure and not by arms; a Europe where frontiers exist to distinguish, not to divide, where minorities no longer distrust or are distrusted, because they freely accept their political lot in return for freedom to order their cultural and religious concerns as they will; a Europe where tariff barriers are lowered by mutual agreements, and reduced in number through

the creation of regional customs unions ; a Europe in which, conceivably, force shall have been internationalised and national forces almost eliminated—that, let it be repeated finally and with emphasis, is not Europe in 1940 as visualised by a self-appointed prophet. Such a rôle offers little enough temptation to any one in normal command of his faculties. It is simply a suggestion of what the Europe of 1940 *might* be, assuming Europe between now and 1940 to be inhabited by rational nations acting rationally. How much folly and how much reason such an assumption involves must be left undetermined.

INDEX

- Abnormal Importations Act, 50
- Alexander, King, 89
- Austro-German Customs Union, 61
- Bethlen, Count, 90
- Bismarck, 6
- Bolshevism, 85, 88, 124
- Bratiano, 89
- Briand, Aristide, ix, 8, 84, 108, 120
- Brüning, Dr., 56
- "Buy British" Movement, 19
- Cartels, 54, 55
- Cecil, Viscount, 30
- Communism, 44, 85, 97, 125
- Condenshove-Kalergi, Count, ix, 11
- Covenant, 4, 15, 16, 109
- Customs Unions, 61-7, 120
- Danubian Confederation, 109, 119
- Danubian States, 62
- Delaisi, M. Francis, 49, 68, 69, 71, 80
- Democracy, 90-100
- Denikin, 45
- Disarmament Conference, 47, 48, 58, 60, 121
- Economic Conference, 39, 59
- European Commission, ix, 41, 66, 108
- Fascism, 88, 91, 97, 124, 125
- Five Years' Plan, 20, 42, 43, 45, 52
- General Protocol, 15
- Heimwehr, 92
- Heineman, M. Dannie, 72
- Hitler, Herr Adolf, 31, 57, 91, 92
- Hoover, President, 56
- Hugenberg, Herr, 38
- Imperial Preference, 84
- Index*, 55
- International Agricultural Mortgage Company, 75
- Kellogg Pact, 109
- Koltchak, 45
- Lausanne, Treaty of, 2
- Laval, M. Pierre, 56
- League of Nations, 27, 28, 40, 41, 52, 55, 101, 103, 106, 108, 119
- Les Deux Europes*, 49, 68, 72, 80
- Little Entente, 5
- Litvinoff, M. Maxime, 22, 44
- Loveday, Mr. A., 55

- Lunacharsky, M. Anatole, 44
 Machiavelli, viii
 Masaryk, President, 2, 98, 103
 Minorities, 3, 110-117
 Most-Favoured-Nation Clause,
 79, 82
 Mussolini, Signor, 30, 36, 57, 89,
 90
 Mustapha Kemal, 89

 National Socialists, 57, 91
 Neuilly, Treaty of, 2, 33

 Pan-American Union, 26
 Pan-Europa, ix, 11
 Pangalos, General, 89
 Paris Peace Conference, 25
 Penn, William, 8
 Permanent Court, 32, 109
 Pilsudski, Marshal, 89, 90
 Polish Corridor, 38, 103-107
 Preparatory Commission, 43

 Primo de Rivera, General, 89
 Protection, 51

 Reichsbanner, 92

 St. Germain, Treaty of, 2
 Salisbury, Marquess of, 11
 Schutzbund, 92
 Security, 17
 Siegfried, André, 15
 Sinn Fein, 21
 Social-Democrats, 95
 Socialism, 93-95
 Stalhelm, 92

 Tariff Truce Conference, 28, 61
 Trianon, Treaty of, 2

 United States of Europe, 66, 120

 Valdemaras, Professor, 89, 90
 Versailles, Treaty of, 2, 31, 32,
 38, 57

